Passive Income: 2 Top Canadian Dividend Stocks to Buy Right Now

Description

Dividend stocks are one of your best bets for building a reliable passive-income stream. Companies do have the right to cut their dividend at any point in time. But, fortunately for Canadians, there's no shortage of dependable Dividend Aristocrats to choose from on the **TSX**.

Just because a dividend doesn't yield the highest on the TSX doesn't mean it's not worth owning. In addition to generating passive income, dividends stocks can provide investors with capital gains through share price appreciation.

I've reviewed two high-quality dividend stocks for anyone looking to build a passive-income stream. Whether you're looking for a high yield, dependable payout, or market-beating growth, these two companies will have you covered.

Dividend stock #1: Northland Power

If you're bullish on the long-term growth potential of renewable energy, now is the time to be investing. Renewable energy stocks across the country are trading at massive discounts right now. Even with those discounts, though, many of the top green energy stocks on the TSX have delivered very impressive growth numbers over the past five years.

At a market cap nearing $10 billion, **Northland Power** (TSX:NPI) is one of the largest renewable energy providers in the country. The company also has a growing international presence, with customers in South America, Europe, and Asia.

Shares of the dividend stock are down more than 30% over the past year. Along with many other top green energy stocks, it's been a rough go since early 2021. Still, Northland Power has delivered market-beating gains over the past five years on top of a very respectable 3% dividend yield.

Passive-income investors with a focus on growth should be looking to pull the trigger soon on this dividend stock.

Dividend stock #2: Algonquin Power

If a high yield is what you're in search of, there aren't many better options than **Algonquin Power** (TSX:AQN)(NYSE:AQN). At today's stock price, the utility company's annual dividend of $0.85 per share yields just shy of 5%.

But a high yield isn't the only reason why this dividend stock is worth owning. Algonquin Power can provide investors with both market-beating gains and defensiveness.

Excluding dividends, shares are up a market-beating 50% over the past five years. However, it's the defensiveness that really makes Algonquin Power stand out from other Dividend Aristocrats.

Utility stocks are among the least-volatile companies on the TSX, which is largely due to the dependable nature of the utility business. Regardless of the condition of the economy, revenue levels tend to remain fairly stable for utility companies.

If your portfolio skews towards high-risk growth stocks, owning a few shares of a defensive Dividend Aristocrat would be a wise idea.

Similar to Northland Power, shares of Algonquin Power are also currently trading at a discount. The utility stock is down 10% over the past six months and 20% over the past year.

It's only a matter of time before Algonquin Power is back to outperforming the market. If you've got the patience to wait for the dividend stock to turn around, I'd strongly suggest investing in this utility company soon.

Foolish bottom line

When it comes to passive-income investing, a company's dividend yield is not the only thing to consider. The dividend may be the main reason you're looking to own shares of a company, but there are certainly more things to consider.

CATEGORY

1. Dividend Stocks
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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NPI (Northland Power Inc.)

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