3 TSX Dividend Stocks to Boost Your Passive Income

Description

When it comes to long-term investing, stability plays a more significant role than growth. The highly volatile nature of growth stocks could erode value while defensive, dividend-paying stocks generate stable wealth in the long term. Here are three top TSX dividend stocks for a steadily increasing passive income.

Pembina Pipeline

Canada's energy pipeline company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) pays stable dividends that yield 6%. It has consistently paid dividends for the last 23 years.

Pipeline businesses are not as volatile as oil production companies. They operate a relatively stable business model and earn stable revenues. Therefore, the companies get reasonable clarity about their future earnings.

In the case of Pembina, it earns almost 90% of its earnings from fixed-fee contracts. So, investors can expect decently growing dividends for the foreseeable future.

It's not prudent to expect significantly high growth from Pembina in a short span. However, it will likely grow slowly and pay stable dividends.

In the last 12 months, the stock has returned 26%, which is in line with its peers. Notably, a juicy dividend yield and decent capital gain prospects make Pembina an attractive bet for long-term investors.

Royal Bank of Canada

The biggest Canadian bank, **Royal Bank of Canada** (TSX:RY)(NYSE:RY), is my second pick for income-seeking investors. It yields 3.5%, which is in line with TSX stocks at large. For example, if you invest $1,000 in RY stock, you will receive $35 in dividends annually.

Though the yield is not as juicy as Pembina's, Royal Bank could be a fitting pick amid the strong economic growth. In addition, as interest rates are expected to rise this year and next, it could boost banks' net interest margins. So, superior earnings growth could help the stock for years to come.

In the last 12 months, Royal Bank reported a net income of $16 billion, representing a stellar increase of 40% year over year.

RY stock has returned 40% in the last 12 months and 93% in the last five years. Royal Bank could be a good proxy if you want to bet on the broader Canadian economy. Its scale, superior credit quality, and fairly valued stock could create meaningful value for long-term investors.

BCE

Canadian telecom giant **BCE** (TSX:BCE)(NYSE:BCE) is one of the most reliable dividend-paying stocks on the TSX. It offers a decent dividend yield of 5.5%, which is higher than its peers.

Moreover, BCE looks well placed in the upcoming 5G battle, mainly because of its strong balance sheet. Its aggressive spending on network infrastructure should expand its subscriber base in the next few years.

BCE has a long dividend payment history and has increased payouts for the last 14 consecutive years. A stable earnings profile could continue to fund stable shareholder dividends in the long term.

Considering the scale, dominating market share, and ability to fund growth, BCE could outperform peers in the long term.

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:RY (Royal Bank of Canada)
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Author
vinitkularni20