



3 TSX Dividend Stocks to Make \$10/Day in Passive Income

Description

Are you investing to earn regular income or build wealth in the long term? You can have both, but then you need two different investing strategies and probably two investment pots. If you are looking to earn [passive income](#) from your portfolio, you ought to buy dividend giants.

Three Canadian stocks for passive income

When looking for passive income, look for stocks whose business models earn regular cash flow. Then look for the company that has successfully and efficiently implemented its business model for years. The trick to finding that out is to look at its history of paying regular dividends and instances of dividend cuts.

Here are three dividend stocks that can start your passive-income pipeline as early as this year.

- **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#))
- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#))

Bank of Nova Scotia: 4.3% dividend yield

Bank of Nova Scotia, or Scotiabank, has been in the banking business since 1832 and will celebrate its 190th anniversary in March. It has four business segments: Canadian Banking, International Banking, Global Wealth Management, and Global Banking and Markets.

The bank has successfully expanded its business in Canada and is among the Big Six. But what sets it apart from the other five banks is its international presence. It earns more than 40% of its revenue from outside of North America in countries such as Mexico, Peru, Chile, and Colombia. Its technology spend is more than its peers to smoothen the digital experience for customers.

Scotiabank has been paying regular dividends since the 1940s and even before that. It even increased

its dividend for the last 16 years at a compounded annual growth rate (CAGR) of 7.2%. This shows the bank's financial stability to increase dividends, even at the time of crisis. The stock's capital appreciation (80% in 10 years) is closer to the TSX Composite index (71% in 10 years). The bank enjoys stable cash flow and could continue paying dividends for several years. It will also benefit from an anticipated interest rate hike this year.

Enbridge: 6.5% dividend yield

Enbridge has been in the pipeline business for over 70 years. Over these years, it built pipeline infrastructure across North America and tied up with energy companies to transit oil and gas. It collects toll money from energy companies and uses it to build new pipelines and start a new cash flow. But the company also uses a portion of this toll money to give dividends to shareholders. It has been paying [regular dividends](#) since 1953 and has been increasing it annually since 1995. In the last 27 years, it has increased dividend at a 10% CAGR.

It charges toll money based on volumes of oil and gas that are transmitted. Hence, it is not significantly affected by changes in oil prices. Enbridge is not a stock that can give you growth. It even underperformed the TSX Composite index, growing just 36% in the last 10 years. But it is a good dividend stock, giving an annual yield of 6.5% at the time of the writing.

Suncor: 4.38% dividend yield

Suncor is in the oil business, and the oil price is something it can't control. But Suncor is Canada's largest integrated oil company, which means it does everything from extraction to distributing gasoline, jet fuel, and other petroleum products made from crude oil.

Suncor increased its dividend annually between 2008 and 2019 at a CAGR of 21%. But the pandemic brought the oil industry's biggest nightmare to reality. A sudden dip in oil demand left producers with huge inventory and no place to store it. The oil price slipped below the production cost pushing oil companies into the red. Suncor halved the dividend in May 2020 to save cash for difficult times.

When the oil demand revived in 2021, Suncor doubled the dividend to 2019 levels. The company plans to increase its dividend at a 25% CAGR between 2021 and 2025, making it a [stock worth having](#) in your passive-income portfolio.

Bottom line

If you invest \$25,000 in each of the above stocks, they can fetch you \$10/day in passive income at their current dividend yields.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
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