2 Dividend Stocks to Buy for Reliable Passive Income

Description

Despite the Canadian stock market trading flat on the year, there's been no shortage of volatility. I wouldn't bank on the volatility to slow down anytime soon, either.

One way to help offset volatility in an investment portfolio is to build a passive-income stream, which can be generated through dividend stocks. Fortunately, Canadian investors have a range of dependable dividend stocks to choose from on the **TSX**.

Don't let volatility keep you from investing today

I'll admit that it's not the easiest environment to invest in today. There are plenty of uncertainties in the short-term future of the economy, which explains the recent volatility. But if you've got a long-term time horizon, there's no reason to sit on the sidelines.

Whether you're looking for a high-growth tech stock or a dependable Dividend Aristocrat, there are deals to be had today.

I've reviewed two top dividend stocks that any passive-income investor would be wise to have on their radars. Both companies yield above 4% today, have dependable payout streaks, and are no strangers to delivering market-beating gains.

If you're looking to build a dependable passive-income stream, I'd put these stocks on your watch list right now.

Dividend stock #1: Bank of Nova Scotia

The Canadian banks are a perfect place for any passive-income investor to start. The Big Five all pay top yields, with **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) leading the way with a 4.4% yield at today's stock price.

But it's not only Scotiabank's yield that has me ranking it as the top Canadian bank for passive-income investors. In addition to a nearly 4.5% yield, the $110 billion bank owns one of the longest payout streaks around and is very reasonably priced from a valuation perspective.

Scotiabank has been paying a dividend to its shareholders for close to 200 consecutive years. Just as impressively, the bank has increased its dividend in all but two of the past 45 years.

It's not only Scotiabank; the entire Big Five are all trading at cheap valuations today. Scotiabank is currently trading at a forward price-to-earnings ratio of barely over 10.

You won't find many other TSX stocks trading at that kind of valuation that can offer what Scotiabank can.

Dividend stock #2: Algonquin Power

At a 4.5% dividend yield, **Algonquin Power** (TSX:AQN)(NYSE:AQN) is another dependable dividend stock for passive-income investors. Where the utility stock differentiates itself from Scotiabank is growth potential.

Utility companies are not typically known for generating market-beating returns. But in Algonquin Power's case, it's been a consistent market beater for years.

Over the past five years, shares of Algonquin Power are up 50%. In comparison, the **S&P/TSX Composite** Index has returned slightly more than 40%. And that's not even including the utility stock's 4.5% dividend yield, either.

One reason why the company has been able to outperform the market is due to its exposure to the renewable energy sector. Algonquin Power has a growing portfolio of renewable wind, solar, hydro, and thermal power-generation facilities, serving customers across North America.

I'm a huge bull on the long-term growth potential of the green energy space, which is why I'm betting on many more years of market-beating growth for this dividend stock.

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