



Generate Passive Income: 3 TSX Dividend Stocks to Buy in April

Description

For many, the ultimate goal when it comes to investing is to generate a steady stream of passive income. One way that this goal can be achieved is by investing in [dividend stocks](#). These are stocks that pay a portion of their earnings back to shareholders on a regular basis. When I look for dividend stocks to add to my portfolio, I tend to stick with Dividend Aristocrats. These are stocks that have increased dividend distributions for at least five consecutive years. In this article, I'll discuss three **TSX** dividend stocks investors should buy this month!

A long history of increasing dividends

When it comes to dividend stocks, few can be considered in the same class as **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). A bona fide Dividend Aristocrat, Fortis holds the second-longest active dividend-growth streak in Canada. It has managed to [increase its dividend](#) in each of the past 47 years. This is very impressive when considering that many companies have had to cut or suspend dividends due to two major events over the past two decade. These were, of course, the Great Recession and the COVID-19 pandemic.

Fortis may be able to raise its dividend on a consistent basis — in part due to its business. As a provider of gas and electric utilities, Fortis receives a steady and predictable stream of revenue each month. One thing that investors should consider when thinking about buying Fortis shares is that its dividend-payout ratio is quite high (78.5%). Generally, a higher payout ratio makes it difficult for companies to ensure steady dividend growth in the long run. However, Fortis's long history of success should put investors at ease.

Buy one of the banks

The Canadian banks are also excellent dividend stocks to consider. The Big Five banks have established very formidable moats, giving them a clear leadership position atop Canada's banking industry. All five of these banks have very comparable dividends. However, if I had to choose one, it would be **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Bank of Nova Scotia has been paying dividends for 189 straight years. With that in mind, you may be wondering why Bank of Nova Scotia doesn't have a longer dividend-growth streak, as per the Dividend Aristocrat list. This is because, despite having paid dividends over such a long period, Bank of Nova Scotia (and the other big banks) halted dividend increases during the Great Recession.

Today, Bank of Nova Scotia and the other Canadian banks have bounced back accordingly. During its most recent earnings call, the company announced that it would be raising its dividend by 11%. Investors now receive a \$1 dividend for each share held.

This small financial company grows its dividend at a fast rate

Investors should also consider how fast companies are able to increase dividends. **goeasy** ([TSX:GSY](#)) is a great example of this. In 2014, goeasy paid a quarterly dividend of \$0.085 per share. Today, investors receive a hefty dividend of \$0.91 per share. That represents a CAGR of about 34.5%. This outpaces the inflation rate by a wide margin, ensuring that investors don't lose buying power over time.

For those that are unfamiliar, goeasy provides high interest loans to subprime borrowers. It also sells furniture and other home goods on a rent-to-own basis. Because of the nature of its business, goeasy saw its revenue skyrocket to record numbers over the pandemic. Although its revenue may see a slowdown in terms of growth, over the coming years, investors should be pleased by the company's consistent dividend growth.

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Date

2025/08/29

Date Created

2022/04/04

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jedlloren

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