



## 3 Must-Buy Dividend Stocks for Passive-Income Investors

### Description

Despite the Canadian stock market trading positive on the year, volatility has been off the charts. The list of uncertainties in the economy today seems to only continue to grow, causing the volatility to worsen in the stock market.

It's said that investors dislike uncertainty, and there's been no shortage of just that this year.

One way that investors can balance out volatility in their portfolios is through [passive income](#). Dividend stocks are an easy way to quickly build a dependable source of income in an investment portfolio.

Here's a list of three [dividend stocks](#) that are perfect for both new and seasoned passive-income investors.

### Dividend stock #1: Sun Life

For those building a passive-income stream, dependability should be top of mind. Fortunately, the **TSX** is full of Dividend Aristocrats with dividend-payout streaks spanning decades and longer.

Insurance is far from the most exciting sector to invest in, but it is a dependable one. That's why I've got **Sun Life** ([TSX:SLF](#))([NYSE:SLF](#)) ranked as one of my top dividend stocks for passive-income investors.

In addition to a dependable payout and the ability to keep volatility low in a portfolio, Sun Life pays a top yield and is also very reasonably priced today.

At today's stock price, the company's annual dividend of \$2.64 per share yields just shy of 4%.

And despite shares trading near all-time highs, this is far from an expensive stock. It's valued at a forward price-to-earnings ratio of barely over 10.

There's a lot to like about Sun Life for a very low cost of entry.

## Dividend stock #2: Fortis

When it comes to dependability, not many companies can compete with utility stocks. The predictable revenue streams for utility companies tend to lead to very low levels of volatility, which translates into dependable dividend payouts.

Similar to Sun Life, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) can provide a portfolio with both dependability and a top yield. At a 3.3% dividend yield, it comes in slightly lower than Sun Life. But I'd argue that Fortis brings much more defensiveness to an investment portfolio.

For passive-income investors that are slightly over-indexed towards high-risk [growth stocks](#), owning a few shares of this dependable dividend stock would be a wise idea.

## Dividend stock #3: Northland Power

The last dividend stock in this basket differs quite a bit from the first two companies.

At a 3% dividend yield, **Northland Power** ([TSX:NPI](#)) is far from the highest-yielding option for Canadian passive-income investors. Where it differentiates itself from other dividend-paying companies is in the stock's growth potential.

As a leader in the growing renewable energy space, Northland Power's stock has been a consistent market beater in recent years. Shares are up close to 70% over the past five years. When factoring in dividends, that's good enough for more than doubling the returns of the **S&P/TSX Composite Index**.

If a high yield is all you're after, Northland Power isn't the company for you. But for the growth investors in the process of building their first passive-income stream, this would be one of my top choices on the TSX.

And with shares of the dividend stock trading more than 20% below all-time highs, now is an opportunistic time for long-term investors to start a position.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:SLF (Sun Life Financial Inc.)

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