



## Passive Income: 3 Defensive Dividend Stocks to Buy in April

### Description

Owning stocks that produce passive income is a great way to offset the current stock market volatility. When you buy stocks in quality income-producing companies, at the very least, you get to enjoy monthly or quarterly cash dividend returns.

Certainly, no income from any equity is guaranteed (unlike a bond). However, if you invest in companies with great businesses and strong balance sheets, that dividend has a very good chance of consistently being paid out.

The best part is, over the long term, equity shareholders also get to enjoy the capital appreciation from the business. That means shareholders get to enjoy a piece of the profits from the business. The combination of [dividends](#) and capital returns is what can create significant wealth for investors.

If you are looking for some defensive stocks to buy for passive income in April, here are three that look very interesting right now.

### A top energy infrastructure stock for passive income

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) stock is a particularly well-suited investment in the current environment. Pembina is one of the top three largest operators of pipelines, midstream, and gas-processing assets in Canada. Its integrated network makes it a one-stop shop for Canadian energy producers.

Although this passive-income stock is up 28.5% in 2022, it still pays an attractive dividend yield over 5%. It pays out a monthly dividend worth \$0.21 per share. Pembina recently signed an arrangement to combine assets under a joint-venture agreement with **KKR**. This is expected to give an immediate boost to earnings. Management hopes to increase its dividend by 3% after the deal is completed.

Pembina has limited direct commodity risk, but it does participate when the energy sector prospers. High oil prices mean more oil production, and that translates into more energy volumes through its infrastructure network. That translates into growing streams of passive income and the opportunity for

decent upside ahead.

## Canada's leading bank

Banks have been a mainstay for Canadians on the hunt for passive income. One of my favourite bank stocks is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). RBC is worth \$193 billion, which makes it Canada's most valuable stock.

That is one of the reasons I like it. It is one of the largest banks in North America, and it has a diverse, economically [resilient business model](#). RBC stock pays a \$1.20-per-share dividend every quarter.

Today, this passive-income stock yields a 3.5% dividend. However, RBC has a 10-year history of increasing its dividend by around 8% a year. Its stock has recently pulled back 8%, and the current price looks like a reasonable entry point for investors with long time horizons.

## A reliable utility for passive income

If you are worried about a recession, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is another reliable passive-income stock to hold in your portfolio. North Americans need gas and electricity to enjoy their modern lives. Fortis's transmission infrastructure and services are essential. As a result, it captures predictable, regulated streams of cash.

Its consistent cash-yielding business model has enabled Fortis to increase its dividend every year for the past 48 years. Fortis is implementing a large capital plan that should enable it to keep boosting its dividend annually by around 6%.

Today, it pays a \$0.5275 quarterly dividend per share. That translates into a decent 3.3% dividend yield right now. For a stock with low volatility and an attractive passive-income profile, this is one of the best to [buy and hold](#).

### CATEGORY

1. Dividend Stocks
2. Investing

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