



3 Dividend Stocks for New Passive-Income Investors

Description

With the recent volatility in the stock market, owning shares of a few [dividend stocks](#) wouldn't be a bad idea. The passive income generated through the dividend-paying companies could help balance out some of the volatility in an investment portfolio.

When it comes to choosing which dividend stocks to invest in, there's much more to look at than just the yield. While the yield itself is definitely important, understanding how long a company has been both paying and increasing its dividend should also be factored into the buying decision.

I'd also urge investors to look past the dividend as well. There may be additional benefits to owning the dividend stock, such as defensiveness or capital [growth](#).

For anyone new to [passive-income investing](#), here's a list of three top dividend stocks to put on your watch list.

Toronto-Dominion Bank

Passive-income investors really can't go wrong with owning any of the major Canadian banks. The Big Five all pay top yields and also own some of the longest payout streaks investors will find on the **TSX**.

At a market cap of \$170 billion, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest bank in Canada.

TD Bank also boasts a growing presence in the U.S., which already accounts for roughly one-third of the bank's net income. The company's U.S. expansion is going to be a major growth catalyst for the bank in the coming years.

At today's stock price, TD Bank's annual dividend of \$3.56 per share is good enough for a yield of just under 4%.

This dividend stock is a perfect choice for any passive-income investor that's looking to gain exposure

to the U.S. economy.

Brookfield Infrastructure Partners

Passive-income investors looking to add some defensiveness to their portfolios should have **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) on their watch lists.

Utility companies are among the most dependable companies to invest in. Regardless of the economy's condition, revenue levels tend to remain fairly stable within the utility industry.

As more of a growth investor myself, this dependable dividend stock is at the top of my own watch list right now.

Brookfield Infrastructure Partners's dividend yields just over 3% at today's stock price.

Northland Power

Last on my list of top dividend stocks is a company that also offers market-beating growth potential.

Typically, high-yielding Dividend Aristocrats are long past their days of driving market-beating returns. But there still are a select few companies on the TSX that can offer both a top dividend yield and market-beating growth potential.

Excluding dividends, **Northland Power** ([TSX:NPI](#)) has returned growth of close to 70% to its shareholders over the past five years. In comparison, the **S&P/TSX Composite Index** has returned just 40%.

Once you factor in dividends, Northland Power has more than doubled the returns of the Canadian stock market since 2017.

One reason why Northland Power made my top list of dividend stocks is because I'm not expecting growth to slow down anytime soon. The company has already established itself as a Canadian leader in the growing renewable energy space and is now focused on expanding its international presence.

For passive-income investors willing to sacrifice dividend yield for growth, Northland Power is the company for you.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:NPI (Northland Power Inc.)

5. TSX:TD (The Toronto-Dominion Bank)

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