4 Top Dividend Stocks to Build a Passive-Income Portfolio

Description

Now is as good a time as any to think about building a passive-income portfolio. The income generated through dividend stocks could help offset some of the volatility in the stock market. And I'm banking on volatility not slowing down anytime soon.

When it comes to investing in dividend stocks, investors need to look further than just the dividend. Especially if you're looking to build an entire portfolio of dividend-paying companies, diversification should also be top of mind. Even long-term growth potential should be considered.

For anyone new to passive-income investing, here's a list of four dividend stocks to start with. The basket of companies can provide investors with top yields, diversification, defensiveness, and even market-beating growth potential.

Royal Bank of Canada

The major Canadian banks are among the top dividend stocks on the **TSX**. Whether you're looking for a high yield or a dependable payout, or both, the Big Five have you covered.

Nearing a market cap of $200 billion, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is not only the largest Canadian bank, but it's also the largest company in the country.

The bank's dividend yields 3.5% at today's stock price. It's not the highest yield around, but RBC makes up for it by bringing a level of dependability to a portfolio.

Brookfield Renewable Partners

There aren't many dividend stocks that can match **Brookfield Renewable Partners's** (TSX:BEP.UN)(NYSE:BEP) track record of market-beating gains.

On top of paying a 3% yield, shares of the energy stock are up a market-crushing 115% over the past five years.

And with demand for renewable energy only rising, Brookfield Renewable Partners may be able to top that growth in the coming five years.

The renewable energy sector has been underperforming the market as of late, so now would be an opportunistic time to start a position in this dividend stock.

goeasy

Speaking of market-beating dividend stocks, **goeasy** (TSX:GSY) could be ranked among some of the top-performing growth stocks on the TSX over the past decade.

Growth may be slowing, but the dividend stock is still up close to 300% over the past five years. In comparison, the S&P/TSX Composite Index has returned just 40%.

goeasy's dividend yields under 2% at today's stock price, which is lower than many other Canadian dividend stocks. But the market-beating gains should more than make up for the low yield.

And with shares currently trading 40% below 52-week highs, this is a rare discount that long-term investors would be wise to take advantage of.

Algonquin Power

There are two very good reasons why **Algonquin Power** (TSX:AQN)(NYSE:AQN) is a strong buy today.

The first is from a passive-income point of view. The dividend stock pays a top dividend, which yields close to 4.5% at today's stock price.

The second reason, though, is why the utility stock is on my own watch list. Utility companies are far from exciting, but they sure are dependable. And in today's volatile market, owning shares of a dependable company like Algonquin Power can go a long way in a portfolio of stocks.

If your portfolio skews towards high-risk growth stocks, like mine does, this dividend stock should be on your watch list. Through both passive income and defensiveness, Algonquin Power can greatly help reduce risk.

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5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:GSY (goeasy Ltd.)
7. TSX:RY (Royal Bank of Canada)

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