Flush With Cash? 3 Top Canadian Stocks to Buy Now

Description

Runaway inflation is a deep concern, because it will erode everyone's purchasing power significantly. The struggle to keep up with rising cost of living might force many to obtain new loans to cover expenses. However, Canadians who are flush with cash can pad their disposable incomes through dividend investing.

The **TSX** is your supermarket for income-producing stocks. Among the top Canadian stocks to buy now are **Pembina Pipeline** (TSX:PPL)(TSX:PBA), **TELUS** (TSX:T)(NYSE:TU) and **Diversified Royalty** (TSX:DIV). The three names attract income investors for their reasonable prices and high dividend yields. They are also suitable stocks for beginners.

Monthly income stream

The share price of Pembina Pipeline has risen 6.78% to $52.13 in 30 days following its impressive earnings results in Q1 2022. It also outperforms the TSX year to date, +39.06% versus -1.90%. Moreover, the energy sector to where it belongs is up nearly 69% so far in 2022.

In the three months ended March 31, 2022, revenue and cash flow from operating activities increased 50.7% and 43.6% compared to Q1 2021. However, the quarter's highlight was the 50.3% year-over-year growth in earnings to $481 million. Because of higher prices in natural gas liquids (NGL) and crude oil, Pembina posted a record quarterly adjusted EBITDA of $1 billion.

The $28.89 billion pipeline operator is a top draw not only for its attractive dividend yield (4.82%) but also for the frequency of payouts. Unlike most companies the pay dividends every quarter, Pembina pays every month. The advantage to investors is that they can reinvest the dividends 12 times in a year instead of four. Your portfolio balance will grow faster with this setup.

Pembina increased its dividends by 3% recently to mark 10 consecutive years of dividend hikes.

Potent asset mix

Canada's second-largest telco is a Dividend Aristocrat like Pembina, although it has a longer dividend-growth streak (18 years). TELUS trades at $31.68 per share (+7.4% year to date) and pays a 4.29% dividend. In 20.02 years, the total return is 1,739.20 (15.66% CAGR).

In Q1 2022, the $43.74 billion telco saw its operating revenues jump 6.4% to $4.28 billion versus Q1 2021. Notably, net income soared 21.3% year over year to $404 million. Darren Entwistle, TELUS president and CEO, said, "Our team once again achieved strong operational and financial results in the first quarter of 2022."

Entwistle added, "Our results are backed by our highly differentiated and potent asset mix geared towards high-growth, technology-oriented verticals." Because of its consistently strong performance, TELUS can return more capital to investors through its dividend-growth program.

Solid second-liner

Diversified Royalty is an ideal back-up to anchor stocks like Pembina and TELUS. It's also the cheapest high-yield dividend stock on the TSX. While the share price is only $2.85, current investors enjoy a 4.24% year-to-date gain in addition to the mouth-watering 7.69% dividend.

This $353.6 multi-royalty corporation owns the trademarks to Mr. Lube, AIR MILES, Sutton, Mr. Mikes, Nurse Next Door, and Oxford Learning Centres. Diversified's six royalty partners continue to recover from the pandemic's fallout. The consolidated adjusted revenue in Q1 2022 increased 24% to $10.99 million versus Q1 2021.

Make more money

If you have idle cash that you won't need anytime soon, consider investing in dividend stocks to make more money

CATEGORY

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2. NYSE:TU (TELUS)
3. TSX:DIV (Diversified Royalty Corp.)
4. TSX:PPL (Pembina Pipeline Corporation)
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