



2 Dividend Stocks Yielding 5% for Stable Passive Income and Growth

Description

Many active stock investors are feeling the pain in today's harsh investing climate. Volatility has been largely present throughout the entire year. And still, with plenty of uncertainty in the short-term future of the economy, I'm bracing myself for more volatility in the stock market.

But despite all of the market's recent volatility, I'm not letting it have a major effect on my investing strategy. I remain committed to investing in high-growth companies that have long-term, market-beating growth potential.

Where I have altered my investing approach this year is through passive-income investing. I purchased my first dividend stocks in early 2022 with the goal of building a dependable stream of passive income for my portfolio. The income generated through dividend stocks also helps offset some of the volatility, which is especially important for me, as my portfolio skews towards high-growth tech stocks.

Building a passive-income stream

When it comes to investing in dividend stocks, the **TSX** is full of great options. There's no shortage of high-yielding and dependable Dividend Aristocrats for Canadian investors to choose from.

I currently have **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) at the top of my own watch list. Both dividend stocks are currently yielding upwards of 5% and own payout streaks that are hard to match.

If you're looking to build a dependable stream of passive income, these two dividend stocks are an excellent place to start.

Dividend stock #1: Bank of Nova Scotia

Canadian passive-income investors don't need to look much further than the [Canadian banks](#). The Big Five are some of the top dividend-paying companies on the TSX. All five of the major Canadian banks

pay a top yield today as well as own respectable dividend-payout streaks.

At the top of the list for me is Bank of Nova Scotia. The \$100 billion bank is the only Canadian bank currently yielding 5% or higher. It also has a dividend-payout streak nearing 200 years, which not many other dividend stocks on the TSX can come close to.

On top of an impressive yield and payout streak, Bank of Nova Scotia is also very [reasonably priced](#). Shares of the dividend stock are trading at a forward price-to-earnings ratio of under 10. Good luck trying to find another dividend stock that can offer as much as Bank of Nova Scotia at that price.

Whether you're completely new to dividend stocks or a seasoned passive-income investor, Bank of Nova Scotia deserves serious consideration.

Dividend stock #2: Algonquin Power

The second dividend stock that I've got on my watch list is a dependable utility company, Algonquin Power.

At today's stock price, the company's annual dividend of \$0.94 per share yields above 5%.

Algonquin Power may not be able to match Bank of Nova Scotia's payout streak, but there is one key reason it's on my own watch list.

Utility stocks tend to have very low levels of volatility, and Algonquin Power is no different. Regardless of how the economy is faring, it's business as usual for most utility companies.

So, if you're like me, someone who has a portfolio filled with high-risk growth stocks, owning a few shares of dependable dividend-paying companies like Algonquin Power would be a wise idea.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BNS (Bank Of Nova Scotia)

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