



2 High-Yielding Dividend Stocks to Create a Passive-Income Stream

Description

The **S&P/TSX Composite Index** is down by 6.52% from its April 20, 2022, levels at writing. Several sectors of the Canadian economy have been underperforming this year due to inflationary pressures and rising interest rates. Investing in growth stocks might not be the safest place to park your capital due to the increased volatility.

[Dividend stocks](#) have been increasingly popular among Canadian investors this year. The **S&P/TSX Composite High Dividend Index** is up by 14.82% year to date. The broader Canadian equity index is down by 3.17% in the same period, showing how much dividend stocks have outperformed the rest of the market.

Investing in high-quality dividend stocks could be an ideal decision, as the market continues to be volatile. You can create a passive-income stream using dividend stocks to grow your account balance with reliable shareholder dividends while you wait for the market to settle down.

Today, I will discuss two high-yielding dividend stocks that you could consider investing in to begin building such a portfolio.

Manulife Financial

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) is a \$44.72 billion market capitalization giant in the Canadian insurance industry. The Toronto-based multinational insurance company and financial services provider has operations in Canada, the U.S., and Asia. It is one of the Big Three Canadian insurance giants, and it trades for a significant discount at current levels.

Manulife Financial stock trades for \$23.31 per share at writing, and it boasts a juicy 5.66% dividend yield. Its share prices are down by over 16% from February 2022 levels. Such a steep downturn from almost \$28 per share seems overdone, making its current valuation quite attractive for investors. The pullback has also inflated its dividend yields. It could be an excellent addition to your dividend income portfolio.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a \$71.32 billion market capitalization energy company headquartered in Calgary. The company boasts one of the most extensive pipeline networks spanning Canada, the U.S., and Mexico. It plays a vital role in the North American energy industry. Its energy infrastructure generates substantial, predictable, and reliable cash flows.

TC Energy stock trades for \$72.71 per share at writing, and it boasts a 4.95% dividend yield. Its share prices are up by 21% year to date, owing to the energy sector boom in 2022. Despite such a stellar performance on the TSX, it boasts a juicy dividend yield.

The Canadian Dividend Aristocrat has increased its shareholder dividends for well over 20 years, and it looks well positioned to continue delivering dividend hikes for years to come.

Foolish takeaway

Suppose you have contribution room available in your Tax-Free Savings Account (TFSA). Allocating a portion of it to buy and hold a portfolio of reliable dividend stocks could help you use it as a tax-free and passive-income stream.

You will not have to worry about moving to a higher tax bracket, because your investments in the account are made through after-tax dollars. It means that you get to keep all the dividend income.

You could use the shareholder dividends as additional income for your monthly expenses. You could also reinvest the shareholder dividends and unlock the power of compounding to accelerate your long-term wealth growth in a TFSA.

Buying shares of reliable TSX dividend stocks is vital to making the most of dividend investing. Manulife Financial stock and TC Energy stock could be excellent investments for this purpose.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:TRP (TC Energy Corporation)

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