



## 3 Cheap Canadian Dividend Stocks to Buy Now for Passive Income

### Description

Canadian investors can now buy top [TSX](#) dividend stocks at [undervalued](#) prices for portfolios focused on generating reliable and growing passive income.

### Manulife Financial

**Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) owns insurance, wealth management, and asset management businesses primarily located in Canada, the United States, and Asia. The American division operates as John Hancock.

Manulife generated record profits of \$7.1 billion in 2021, driven by strong performances in both the insurance and wealth management operations. The 2022 numbers will likely be a bit weaker. The first-quarter (Q1) numbers took a hit from the Omicron COVID-19 wave that swept across Canada, the United States, and Asia. Higher morbidity and mortality claims reduced earnings in North America, while lockdowns in Asia hurt product sales.

Manulife reports Q2 2022 results on August 10. While the COVID-19 claims should be lower, the drop in equity markets will show up in the results. That being said, the pullback in the share price from \$28 in February to \$23.50 looks overdone, and investors can pick up a solid 5.6% dividend yield. Manulife raised the dividend by 18% late last year. Another generous increase should be on the way for 2023.

The Asia operations offer good growth prospects in the coming years. An expanding middle class in the region will drive demand for insurance and investment products.

### Telus

**Telus** ([TSX:T](#))([NYSE:TU](#)) typically increases the dividend twice per year and is targeting 7-10% annual dividend growth over the medium term. Management expects earnings before interest, taxes, depreciation, and amortization (EBITDA) to grow by 8-10% in the coming years. The company see strong cash flow expansion in 2023 as it wraps up the heavy capital outlays on the copper-to-fibre

initiative and focuses on the construction of the [5G](#) network.

Telus reported a 21% surge in adjusted net income to \$422 million for Q2 2022 compared to the same period last year. Earnings per share rose 23%.

Telus stock trades near \$29 per share at the time of writing compared to more than \$34 a few months ago. The dip appears overdone, and investors can pick up a solid 4.65% dividend yield.

Telus is a good stock to buy if you are searching for a defensive pick to add to your portfolio heading into 2023. The revenue stream should hold up well through a recession due to the essential nature of mobile and internet services. Telus also has the power to raise prices as its costs increase, making it attractive in an era of high inflation.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is Canada's largest energy company with a current market capitalization of \$79 billion. The company is a major producer of oil and natural gas with arguably the best diversified portfolio of production and untapped resources in the Canadian energy sector.

CNRL is generating strong profits at current oil and natural gas prices. The company is using excess cash to reduce debt, buy back stock, and return more cash to investors. In fact, CNRL increased the quarterly base dividend by 28% to \$0.75 for 2022 and just announced a special quarterly distribution of \$1.50 per share.

The stock is down to \$68 from the 2022 high around \$88 after the price of WTI oil fell from US\$120 to the current level of US\$90. The pullback appears overdone, and investors can now get a 4.4% yield on the base dividend plus the bonus distributions that should continue into 2023.

CNRL raised the dividend in each of the past 22 years, so the base payout should be safe.

## The bottom line on top stocks to buy now for passive income

Manulife, Telus, and CNRL pay attractive dividends that should continue to grow. If you have some cash to put to work in a portfolio focused on passive income, these stocks look cheap today and deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:TU (TELUS)
4. TSX:CNQ (Canadian Natural Resources Limited)

5. TSX:MFC (Manulife Financial Corporation)
6. TSX:T (TELUS)

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