



## 3 Incredibly Cheap Dividend Stocks to Buy for Dependable Passive Income

### Description

If you're looking to invest in dividend stocks, the [TSX](#) has no shortage of high-quality businesses to choose from. Whether you're looking for a dependable Dividend Aristocrat or a high yield, the TSX should have you covered.

Despite rallying a couple of percentage points over the past month, the **S&P/TSX Composite Index** is still down more than 5% on the year. Many companies have fared far worse than the broader market in 2022, presenting patient investors with plenty of great long-term [buying opportunities](#).

In addition to many top stocks trading below all-time highs right now, a lot of dividend-paying companies have seen their yields jump up with the drop in stock price.

As the market eventually stabilizes, we'll see dividend yields slowly drop back down. But for the time being, it's never been easier for Canadian investors to find a dividend stock yielding upwards of 4%.

I've put together a basket of three dividend stocks that any passive-income investor would be wise to have on their radar. All three picks are yielding above 4% and are also trading more than 10% below 52-week highs.

### Dividend stock #1: Sun Life

At a market cap of \$35 billion, **Sun Life** ([TSX:SLF](#))([NYSE:SLF](#)) is a leading Canadian insurance provider. The company also provides its customers with financial and wealth management services.

I wouldn't bank on Sun Life lighting the world on fire with growth anytime soon. That being said, I also can't imagine the need for insurance going away anytime soon. Albeit an unexciting business, it's one that investors can count to be relevant for decades to come.

At today's stock price, the company's dividend yields 4.5%.

When including dividends, the stock is just about on par with the returns of the S&P/TSX Composite

Index over the past five years.

## Dividend stock #2: Algonquin Power

Sticking with the theme of unexciting businesses, the utility industry is another slow-growing, but dependable place to be investing.

At a 5% dividend yield, **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is the highest-yielding dividend stock in this basket.

Where this \$12 billion company separates itself from its peers is its growth potential. Despite being a slow-growing utility company, Algonquin Power's growing renewable energy division has been a key contributor to the stock's growth in recent years.

Over the past five years, excluding dividends, the utility stock has returned a market-beating 35%.

There aren't many 5%-yielding dividend stocks on the TSX that can match the growth that Algonquin Power has put up in recent years.

## Dividend stock #3: Telus

Last on my list is the largest of the three companies. **Telus** ([TSX:T](#))([NYSE:TU](#)) is currently valued at a market cap of just under \$40 billion.

The telecommunications company has fared impressively well this year, with shares only down a couple of percentage points. Still, the dividend stock is trading 15% below where it was just four months ago.

At today's stock price, Telus's annual dividend of \$1.35 per share is good enough for a yield of just over 4.5%.

## Foolish bottom line

As I mentioned earlier, it's not overly difficult to find a dividend stock on the TSX with a yield above 4%. But what investors need to keep in mind when building a passive-income portfolio is diversification.

The basket I've put together is a perfect place for anyone building their first passive-income portfolio. The three companies can provide investors with both a top yield and dependability. Even market-beating growth potential over the long term is not out of the question. But, most importantly, they all operate in very different industries, providing investors with much-needed diversification.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:SLF (Sun Life Financial Inc.)
5. TSX:T (TELUS)

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1. kduncombe
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ndobroruka

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