2 Canadian Stocks to Buy for Passive Income Forever

**Description**

Perpetual passive income is the key to financial independence. With regular income coming in from your savings, you can say "goodbye" to your job and "hello" to that beach house in the Bahamas.

To get there, you'll need to invest a sizeable chunk of cash into companies that are immune to disruption and resistant to the business cycle. Here are the top two stocks that could potentially generate passive income for life.



## Passive-income stock #1

**Loblaw Companies** (TSX:L) continues to post robust sales growth numbers, even as other sectors experience a slowdown. With demand for groceries and drugs always expected to be there, the company's prospects remain intact, even in deteriorating economic conditions. Loblaw controls roughly 27% market share of Canada's retail sector, which gives it a durable advantage.

Loblaw delivered a 2.9% year-over-year increase in second-quarter sales to $12.85 billion, which is in line with consensus estimates. In addition, adjusted earnings were up 22% year over year to $566 million, with diluted earnings per share coming in at $1.69, which is above consensus estimates of $1.61.

In addition to the positive earnings results, Loblaw has moved to strengthen its pharmacy retail footprint with the acquisition of Lifemark Health Group. It has also inked a strategic collaboration with **DoorDash** to enhance its grocery-delivery business.

While the stock is up by about 15%, investors are also rewarded with an impressive 1.33% dividend yield, ideal for generating some passive income. The stock also trades at 20 times earnings, which implies an earnings yield of 5%.

Given that Loblaw has been able to defy the market slump, it remains a solid pick, even as the broader stock market remains under pressure.

## Passive-income stock #2

**Cenovus Energy** (TSX:CVE)(NYSE:CVE) is another “forever” passive-income pick. That’s because we need more fossil fuels than we produce at the moment. Our reliance on this energy source is likely to be longer than we expect.

Cenovus stock is up 43.7% year to date. That’s a wide margin over the benchmark index.

The outperformance stems from the fact that the company will remain profitable as long as oil prices remain above the $80-a-barrel level. A persistent energy crisis fueled by Russia’s oil and natural gas cuts into Europe is expected to offer support for oil prices above the $80-a-barrel level.

Cenovus has moved to strengthen its long-term prospects through acquisitions, including the purchase of the 50% interest in the Toledo refinery. Consequently, growth is expected to continue amid the growing demand for oil and gas. Management has also committed to cutting costs as part of an effort to bolster margins.

While trading with a price-to-earnings multiple of 11, Cenovus is still cheap relative to its historical levels. Additionally, the 22% plus pullback from 52-week highs means the stock is trading at a discount, especially when you consider the energy crisis in Europe and the growing demand for Canadian energy.



I expect the Cenovus team to boost dividends in the near future. With more cash flow and predictable demand, the company can finally reduce debt and reward shareholders appropriately. Keep an eye on this passive-income opportunity.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:L (Loblaw Companies Limited)

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