2 Panic-Free Dividend Stocks to Buy Now for Passive Profits

Description

Real estate and energy form the background for today's low-stress, low-risk passive income stock investments. Chosen for their suitability for an RRSP, RRIF, or TFSA, these two TSX index stocks represent some of the very best regular passive income available in two of the most popular areas of Canadian investment, namely real estate and oil and gas utilities.

Brookfield Property Partners (TSX:BPY.UN)(NASDAQ:BPY)

On a tear since the start of the year, Brookfield Property Partners has seen 13% year-on-year returns that beat the 6.2% Canadian real estate average returns for the same period, making this classic commercial real estate stock a solid choice for performance investors. Offering instant exposure to real estate, it comes with a spread of reassuring stats, from low market ratios to decent dividends.

The risk-averse investor should note that while Brookfield Property Partners has enjoyed a very substantial one-year past earnings growth rate of 445.6%, a negative outlook in terms of annual growth in earnings is on the horizon. Still, this is far from rare at the moment, with even the top banking and utilities stocks on the TSX index staring down the barrel of a difficult second half of the year.

Looking at whether this is a stock to buy now or keep an eye on, evidence of Brookfield Property Partners' attractive undervaluation can be seen in its market ratios, such as a P/E of 9.2 times earnings and P/B of 0.7 times book. This, along with a chunky dividend yield of 6.28%, indicates that now is indeed a good time to buy, especially if one is bullish on the Canadian economy for the next couple of years.

Vermilion Energy (TSX:VET)(NYSE:VET)

With 90-day returns of 15.7%, Vermilion Energy is an outperforming stock with solid recent growth – see a one-year past earnings growth rate of 336.3% for evidence of just how well it's been performing. Though a negative growth in earnings is expected, it depends on what kind of year 2019 shapes up to be, while a dividend yield of 7.72% should be sufficiently juicy for even the pickiest of TSX index passive income investors.

While a past-year ROE of 10% isn't as high as it could be, and its balance sheet is only so-so (as per a comparative debt level of 68%), its valuation is good, with a P/E of 18.5 times earnings on display. Its P/B of 1.9 times book is a little high, but for the kind of stability you'd be buying into, it's not that bad. Indeed, over the year, Vermilion Energy has been shaping up to be a serious contender (while also generally healthier and cheaper) to the more ubiquitous utilities stocks.

The bottom line

Brookfield Property Partners' level of debt compared to net worth has increased over the past five years from 96.2% to the current 145.4%, while not being well covered by operating cash flow. However, if you can look past this, the rest of its stats and its market share generally make for a sound addition to a TFSA. Meanwhile, a retirement investor looking for a TSX index oil and gas stock could do far worse than the high-yield Vermilion Energy.

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