3 Passive Income Stocks to Add to Your TFSA Today

Description

The latest dip in the stock market is giving income investors an opportunity to pick up some attractive dividend payers at cheap prices.

Let's take a look at three Canadian companies that appear oversold right now and that might be interesting picks for your portfolio.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC just reported fiscal Q2 2019 results that missed analyst expectations. The company is feeling the impact of the slowdown in the Toronto and Vancouver housing markets, which shouldn't be a surprise, and while some weakness is expected in the stock, the market is probably going overboard on the sell-off. CIBC still generates solid profits, and the U.S. operations are providing support to help balance out the weakness in Canada.

CIBC's stock is down from $124 last September to $104. Even with the existing headwinds in the the bank's revenue stream, the current trailing 12-month price-to-earnings multiple of 9.2 appears pretty cheap.

CIBC's dividend should be safe. Investors who buy today can pick up a 5.4% yield and wait for sentiment to improve.

Canadian Natural Resources Ltd. (TSX:CNQ) (NYSE:CNQ)

CNRL is a giant in the Canadian energy sector with assets that span the full hydrocarbon spectrum including oil sands, heavy oil, light oil, offshore oil, natural gas, and gas liquids.

A strong balance sheet gives management the flexibility to acquire strategic properties when themarket takes a hit. As commodity prices improve, CNRL is nimble enough to move capital to the best performing opportunities.

The company is paying down debt and buying back shares with the excess free cash flow after paying the dividend and funding the capital program. CNRL raised the dividend by 12.5% for 2019. The current distribution provides a yield of 4.3%.

The stock is down to $35 per share from $49 last July, so investors have a shot at some nice upside once oil prices resume their recovery.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge has enjoyed a nice rally off the 2018 lows and more upside should be on the way.

The company has made good progress on its turnaround efforts, finding buyers for roughly $8 billion in non-core assets as part of a new strategy to focus on regulated businesses. Enbridge also bought the outstanding shares of four subsidiaries and rolled the companies into the parent organization, which cleaned up the corporate structure and should therefore result in greater retention of cash flow.

Enbridge can self-fund its ongoing $16 billion development program and plans to hike the dividend by 10% in 2020. The current payout provides a yield of 5.9%.

The bottom line

CIBC, CNRL, and Enbridge all appear attractively priced today for investors who are searching for quality dividend stocks to put in a passive income portfolio.

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
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