



2 Virtually Flawless TSX Stocks to Buy for Passive Income

Description

Dividend stocks provide perhaps one of the best ways to protect yourself during volatile market conditions. Investors have been interested in dividend-paying stocks recently due to the market volatility, but these [income-generating assets](#) are excellent, no matter when you buy.

Tax-Free Savings Account (TFSA) users in particular get to enjoy passive income without incurring any taxes. I will discuss two ideal picks to consider if you are looking for stocks with a decent yield and reliable payouts.

CIBC

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is part of a historically reliable banking sector. The Canadian financial institution is among the Big Six Canadian banks, and it pays its shareholders at a juicy 4.57% dividend yield with its valuation at writing. The stock is trading for \$127.68 per share, and it is up 18% on a year-to-date basis.

The top Canadian banking stocks are ideal to own during market volatility. You might see a dip during a market downturn, but these stocks rebound within a year. We saw this trend recently during the February and March 2020 sell-off frenzy.

You might not like the fact that it is trading for an all-time high price, but the stock is still considered a value stock, considering its future prospects and ongoing performance.

Emera

Emera ([TSX:EMA](#)) is a stock that could add some security to your portfolio during volatile market conditions. [Utilities are always reliable](#) in any market, because these companies can continue generating revenue, regardless of the economic conditions. You might never expect to see a huge jump in the company's valuation, but you will never see a drastic decline either.

Emera is trading for \$56.30 per share at writing, and it boasts a juicy 4.53% dividend yield. Investors can easily consider investing in the stock to add a reliable income stream to their portfolios, because of its virtually guaranteed dividend payouts. Long-term investors can also look forward to growing their capital even further, because the company's growth strategy is solid.

Its acquisition-based growth strategy allows the company to keep adding more revenue streams, create greater cash flows, and acquire even more companies. Emera has had a fantastic decade, appreciating more than 80% since March 2011.

Foolish takeaway

Canadians have realized the importance of having a secondary income stream due to the pandemic. A portfolio of reliable dividend stocks can prove to be a lifesaver during tough times.

Creating a dividend-income portfolio in your TFSA can allow you to generate substantial passive income that can supplement your active income. You can choose to reinvest your dividend payouts to unlock the power of compounding to accelerate your wealth growth when you do not need additional income.

Dividend stocks like CIBC and Emera could be ideal additions to your TFSA portfolio for virtually guaranteed dividend payouts that can make you a much wealthier investor in the long run.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:EMA (Emera Incorporated)

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