



2 Undervalued TSX Dividend Stocks to Buy Now for Passive Income

Description

Retirees and other income investors can still find some cheap stocks to buy in the TSX Index that pay reliable dividends with attractive yields.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$18 per share at the time of writing compared to the 2021 high around \$22.50. Investors who buy the stock today can pick up a 4.7% dividend yield.

Algonquin Power owns water and electric utilities as well as renewable energy power generation, including wind, solar, and hydroelectric facilities. The company grows through a combination of organic projects and strategic acquisitions.

The board raised the dividend by 10% in 2021, extending a steady run of annual dividend hikes. The trend should continue in the next few years, as new assets go into service and additional acquisitions boost revenue growth.

The stock is starting to look [undervalued](#) at the current share price. Renewable energy is only going to expand in the coming years and consolidation among the sector is expected to continue. Algonquin Power's combination of green energy and rate-regulated utilities could make it a takeover target. The business generates strong cash flow and would be attractive for investors searching for [ESG](#) additions to their portfolios.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company with a [market capitalization](#) of \$57 billion. The business owns and operates wireless and wireline networks that provide customers with mobile, internet, and TV services.

BCE also has a media division that owns a television network, specialty channels, radio stations, retail

outlets, an advertising business and interests in professional sports teams.

The two divisions make a powerful communications player that has the potential to interact with most Canadians on a weekly, if not daily, basis. In fact, every time a person in Canada calls a friend, sends a text, reads an e-mail, listens to the radio, watches the news, or streams a movie, the odds are pretty good that a BCE asset is involved somewhere along the line.

The stock trades near \$63 right now compared to the 2021 high around \$67 per share. BCE is a popular holding among income investors for its reliable dividend and steady payout growth. Investors who buy the stock at the current price can pick up a 5.5% dividend yield.

The CRTC decision earlier this year to abandon planned cuts to wholesale internet rates gives BCE a clearer picture of its revenue outlook. The company increased its capital program by \$500 million when the CRTC announced the news.

BCE is investing billions of dollars to expand its fibre-to-the-premises program and build its [5G network](#). These initiatives will open up new revenue opportunities and help protect BCE's competitive moat.

This is a good defensive stock to buy if you are concerned the economy could hit a rough patch next year amid the soaring costs of energy.

The bottom line on top TSX stocks for passive income

Algonquin Power and BCE are top-quality dividend stocks with solid track records of payout growth. They both offer generous distributions and attractive yields at current share prices and should be solid picks for a buy-and-hold portfolio focused on passive income.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:BCE (BCE Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BCE (BCE Inc.)

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