



## Value Investors: 1 Passive-Income Stock to Consider Today

### Description

Passive-income stocks at a [great value](#) can be tough to find, especially in a frothy market environment. In any case, Canadian investors ought to consider the wide range of risks when going on the hunt for such plays, opting for value over yield where possible. In some instances, it's possible to get both. And in this piece, we'll have a look at one of the most intriguing passive-income stocks that have yields at the higher end of the historical range, with valuations that may be a tad too low, given its long-term growth profile.

Indeed, it's all about maximizing the potential reward (both dividends and capital gains potential) with potential risks, those on and off the radars of investors. By doing such, one can maximize the chances of getting a little something for free. In essence, striving to pay three quarters to get a full dollar is the ultimate goal.

## On the hunt for passive income and deeper value on the TSX

These days, it's tough to do. But with markets fluctuating wildly, a correction shouldn't be ruled out for the new year. If it strikes instead of a Santa Claus rally, investors may be able to pay two quarters to get a dollar, so to speak. In any case, investors should keep watch of their favourite passive-income stocks, because when volatility strikes, one must be prepared to act, as moments of severe undervaluation aren't guaranteed to persist.

Consider number-six Canadian bank **National Bank of Canada** ([TSX:NA](#)).

## National Bank of Canada: A Canadian bank underdog to bank on after its latest dip

National Bank may be the smallest member of the Big Six basket of Canadian bank stocks, but it's arguably the best one to consider at this critical market crossroads. The bank demonstrated its ability to hold up during the coronavirus recession, bouncing back quite quickly in the months following the

March 2020 bottom. Undoubtedly, National Bank is a more regional flavour of Canadian bank. Still, with the means to grow into new provinces, the bank arguably has some of the most promising long-term growth prospects.

With a [magnificent](#) management team that knows how to disrupt, I think it'd be a mistake to count out number six of the Big Six, especially given the incredible 23% dividend hike. The huge raise is a vote of confidence from management in its abilities. Although earnings weren't as stellar, it's arguable that the path forward has the potential to be so much brighter. After the quarterly fumble, NA stock is now flirting with a correction.

I'd argue the dip is a great entry point for those looking to punch their ticket to a Canadian bank with above-average growth prospects. At 10.7 times earnings, NA looks like a bargain. The 3.6% yield is pretty average, but it looks to have way more room to run versus many of its bigger brothers. At the end of the day, better dividend growth and value may be key to better results than upfront yield or near-term results that lie in the rear-view mirror.

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