3 Dividend Stocks for the Perfect Passive-Income TFSA

Description

Dividend stocks remain a strong choice for Motley Fool investors looking for passive income in this volatile market. Sure, it looks like the market may be on the rebound. But there are few important points to remember.

The **TSX** today is still filled with volatility. After falling 10.8% between March 29 and May 12, stocks started to recover. But analysts believe shares could potentially fall once more. With ongoing inflation, interest rates, geopolitical issues, supply-chain demands all hitting, it looks likely. And now we're entering another season of quarterly reports — reports during a time when consumer spending has plummeted.

With that in mind, here are the best dividend stocks I would choose for a passive-income portfolio. Specifically, if you're a long-term investor looking for options in your Tax-Free Savings Account (TFSA), these are the ones to buy.

Buy essential

Let's start with one of the top essential services out there: food. No matter what, we all need to eat. That's why grocery-related companies are some of the best buys out there, but Motley Fool investors don't have to choose just one.

Instead, I'd recommend **Slate Grocery REIT** (TSX:SGR.U). It offers an ultra-high dividend yield of 7.5% and trades at a valuable 15.42 times earnings. It's anchored to grocery stores in the United States, where it continues to boast stable occupancy and rent collection.

Shares are up 4% as of writing but down 13.5% since peak prices in March. And since May 11, shares are back up by 8%. So, you get some quick turnaround in share price, while also collecting a strong dividend. A $20,000 investment would bring in $1,507 per year as of writing.

Keep it healthy

Your TFSA should also include dividend stocks related to industries that simply aren't going anywhere, and that includes both food and healthcare. We learned during the pandemic that healthcare companies would remain open even if just related to the health sector. So, **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) wasn't just able to stay afloat but thrive.

The company saw renewed leases from low interest rates on the rise and used those rents to expand. It's acquired a healthcare REIT, and recently moved into properties in the United States. It now offers a world-wide portfolio of healthcare ranging from office buildings to hospitals.

Yet again, it offers value trading at 6.6 times earnings, with a dividend yield of 6.08%. Shares are down 5% year to date and 8% since March. However, shares have rebounded 5% since May 10. So, again, Motley Fool investors could see strong returns in the short term, while collecting $1,230 in annual passive income from a $20,000 investment.

Be safe

Finally, a safe place to put your cash is in a strong exchange-traded fund (ETF) like **BMO Canadian High Dividend Covered Call ETF** (TSX:ZWC). The ETF focuses on creating passive income by investing in dividend stocks. So, it's like having an entire portfolio of dividend stocks at your fingertips but with experts managing it.

And it offers an incredibly high dividend yield right now of 7.2%! So, Motley Fool investors get a high dividend, yet again also a steal thanks to recent share performance. Shares are about where they were at the beginning of 2022, though they're up about 1% as of writing. But they've come down 4.75% since peak pricing in April and are up about 4% since bottoming out.

A $20,000 investment would get you $1,164 in annual passive income. And it's probably the most stable among dividend stocks, allowing you to look forward to long-term income in your TFSA.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:SGR.U (Slate Retail REIT)
3. TSX:ZWC (Bmo Canadian High Dividend Covered Call ETF)

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Date
2025/08/16
Date Created
2022/05/31
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