



Passive Income: 2 Cheap TSX Dividend Stocks Yielding Almost 6%

Description

Retirees and other investors are searching for top dividend stocks to add to their [TFSA](#) portfolios focused on generating reliable tax-free passive income. The market pullback is giving investors a chance to buy some top dividend stocks at [undervalued](#) prices.

Great-West Lifeco

Great-West Lifeco ([TSX:GWO](#)) is an insurance, wealth management, and asset management company based in Winnipeg with businesses located in Canada, the United States, and Europe.

The company reported solid Q1 2022 results with net earnings rising 9% year over year to \$809 million. This is a strong performance considering the increase in claims in some of the group benefit insurance plans due to the surge in COVID-19 in the quarter.

Return on equity rose to 14.7% in Q1 from 13.6% in the first quarter of 2021.

The stock is down to \$33.50 at the time of writing compared to the 2022 high of \$41.50. At the current price, investors can pick up a 5.8% yield. Great-West Lifeco raised the dividend by 12% late last year. Another generous increase should be on the way for 2023.

Higher interest rates are on the way, and this tends to be positive for insurance companies, as the businesses can generate better returns on cash they need to set aside for potential claims.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is benefitting from the rebound in the global energy sector. The stock is close to its 12-month high, and more gains should be on the way in the next few years, as investments in assets focused on oil and natural gas exports drive revenue growth.

Enbridge spent US\$3 billion late last year to buy a strategic oil export facility and connected pipeline

assets in Texas. The timing proved to be perfect ahead of the surge in demand for North American crude, as major international producers struggle to raise output due to a lack of investment over the past two years. In addition, sanctions against Russia and ongoing political instability in other producer countries won't go away in the near term.

Enbridge is also expanding its pipeline infrastructure to connect natural gas producers to new LNG facilities on the U.S. Gulf Coast. Europe is in a rush to secure liquified natural gas from the United States as it seeks to end its reliance on Russia.

Canadian and American oil and natural gas will continue to be in high demand for some time, both in the domestic markets and internationally, and that bodes well for Enbridge's pipeline and storage businesses. The company already moves 30% of the oil produced in the United States and Canada and 20% of the natural gas used by Americans.

Reliable natural gas utilities and a growing renewable energy division round out the asset portfolio, providing a balanced revenue stream. Enbridge has the financial clout to make new acquisitions to drive growth and sees opportunities across the asset base for new capital projects.

The dividend should rise along with anticipated distributable free cash flow growth in the coming years. Investors who buy Enbridge stock at the current level can pick up a 5.9% yield.

The bottom line on top stocks for passive income

Great-West Lifeco and Enbridge pay attractive high-yield dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:GWO (Great-West Lifeco Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/07/22

Date Created

2022/06/04

Author

aswalker

default watermark

default watermark