



Retirees: 2 Oversold TSX Dividend Stocks to Buy for Monthly TFSA Passive Income

Description

The [market pullback](#) is giving Canadian pensioners a chance to buy some high-yield dividend stocks at cheap prices for a self-directed TFSA portfolio focused on passive income.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) trades near \$16.50 per share at the time of writing compared to the 12-month high around \$22.50. Investors who buy the stock at the current price can pick up solid 5.7% annualized dividend yield. The company makes dividend payments monthly.

TransAlta Renewables owns renewable energy assets in Canada, the United States, and Australia. The portfolio includes wind, solar, hydroelectric, and battery facilities along with natural gas power generation and natural gas infrastructure. TransAlta Renewables had a rough year in 2021 as an unplanned outage at a power station and structural problems at a wind farm reduced revenue. The broader renewable energy sector was already pulling back after a surge in 2020 and the operational troubles put added pressure on TransAlta's share price.

The recent dip due to the TSX market correction is giving investors a chance to buy the stock at a cheap level. TransAlta repaired the power station and has a plan in place to replace the faulty foundations on the 50 wind turbines at the Kent Hills sites. That work should be completed by the middle of next year at a net cost of approximately \$120 million.

In the meantime, new assets are driving revenue growth. Adjusted EBITDA for Q1 2022 rose 13% year over year to \$139 million. Free cash flow jumped to \$108 million from \$99 million in Q1 2021.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) pays a monthly dividend of \$0.21 per share. That's good for an annualized yield of 5.2% at the current price below \$49. The shares are down from the recent

high around \$53.50, giving investors a chance to buy the energy infrastructure stock on a decent pullback.

Pembina Pipeline has a 65-year history of growth that includes strategic acquisitions and organic capital projects. The company is a one-stop shop for oil and natural gas producers who need midstream services. Pembina Pipeline has oil and gas pipelines, natural gas gathering, natural gas processing, and logistics operations. The company also owns a propane export terminal and is evaluating new projects that include a liquified natural gas (LNG) facility and carbon-sequestration hubs.

The rebound in the oil and natural gas sector is expected to continue for some time. Producers are starting to allocate more capital to grow output to take advantage of high commodity prices. This will benefit Pembina Propane in the next few years.

Management is using excess cash to reduce debt and buy back stock. Investors could also see a dividend increase in 2023, if not sooner.

The bottom line on top monthly dividend stocks for passive income

TransAlta Renewables and Pembina Pipeline pay generous monthly dividends with above-average annualized yields. If you have some cash to put to work in a self-directed TFSA focused on generating a steady stream of tax-free investment income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RNW (TransAlta Renewables)

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