3 Cheap TSX Stocks to Buy for Growth and Passive Income

Description

The **TSX** market correction has created opportunities to buy quality stocks that are not only growing but paying decent dividends as well. If you are looking for a combination of growth, passive income, and value, here are three top picks to consider.

A bargain banking stock

It is not often you can pick up one of the best-performing stocks on the TSX at an elevated dividend yield. However, that is the case today for **goeasy** (TSX:GSY) stock.

Despite a recent 42% decline, this TSX stock has delivered a 1,482% capital return since 2012. At $103.50 per share, it is paying out a substantial 3.5% dividend yield right now. It has grown that dividend by a 23% compounded annual rate over the past 10 years!

goeasy is fast becoming one of Canada's leading non-prime lenders. It has recently made deals in vehicle lending that could drastically expand its total market.

Right now, the market is heavily pricing a recession scenario into the stock. At eight times earnings, it looks like a bargain for long-term growth investors.

A cheap TSX tech stock

Another beaten-down TSX stock with an elevated dividend is **Enghouse Systems** (TSX:ENGH). It is down 37% this year. At $30.50 per share, it is trading with an attractive 2.4% dividend. Today, its stock is the cheapest it has been since 2012. It only trades for 10 times EBITDA, which is below its 10-year average of 15 times.

Since the pandemic, the company has had several quarters where revenues and earnings declined. The market hasn't liked it, and this TSX stock has been punished. However, Enghouse has been patient to deploy its +$230 million of cash into the right acquisitions at the right price.

Now, tech valuations have now come down. In the past few months, Enghouse has acquired two European businesses focused on communications services. This may just be the beginning of an acquisition spree that could fuel long-term returns into the future.

A TSX anchor stock that could pay a huge dividend soon

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) does not pay a large dividend. Today, this top TSX stock only yields 1.2%. That is hardly anything to write home about. However, the international asset manager has managed to grow that dividend by about an 8.8% compounded annual growth rate over the past decade.

Brookfield has been prolific at spinning-off business entities to shareholders. Some recent examples include **Brookfield Business Partners**, **Trisura Group**, and **Brookfield Re-Insurance**.

It just announced plans to spin off a stake in its pure-play asset management business. While this may take until the end of the year, many analysts believe this could be a great catalyst to unlock long-term value for Brookfield shareholders.

Brookfield has traded at a steep 20-30% discount to its intrinsic value for some time. The new entity is expected to be asset light and generate significant free cash flows — so much so that some analysts are predicting its stock could have a 5-8% dividend yield. For a combination of value, growth, and potentially income, Brookfield looks very attractive on the pullback right now.

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1. Dividend Stocks
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2. TSX:BN (Brookfield)
3. TSX:ENGH (Enghouse Systems Ltd.)
4. TSX:GSY (goeasy Ltd.)

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