



## 2 Oversold TSX Dividend Stocks to Buy for Passive Income

### Description

Over the past few months, there have been ample opportunities for investors to find some of the best **TSX** stocks trading cheaply. But while there are tonnes of stocks to choose from, there's no question that some of the best TSX stocks to buy now are dividend stocks that offer attractive passive income.

When dividend stocks sell off, not only can you buy them at a discount, but the dividend [yields](#) they offer are also higher than when the stock was trading at fair value.

So, while many TSX dividend stocks trade cheaply, if you're a passive-income seeker, now is one of the best opportunities to buy.

### One of the best energy stocks to buy for passive income

Plenty of energy companies return passive income to investors and make for excellent dividend stocks. However, one of the very best energy stocks to buy for dividend investors is **Freehold Royalties** ([TSX:FRU](#)), especially after its recent selloff.

What makes Freehold such an attractive stock for dividends is that it's constantly bringing in tonnes of cash flow. Freehold doesn't actually produce energy itself. Instead, it owns land that other companies use to produce energy. So, Freehold is constantly receiving royalty payments, giving it tonnes of cash flow. In addition, another reason it's such an excellent dividend stock is that it has almost no debt.

So, with Freehold having sold off by about 20% from its high over the last few months, it now offers investors an incredible opportunity.

Its dividend yield has climbed to 7%, and that's at a payout ratio which is expected to be below 60% for the full year. Furthermore, Freehold continues to acquire more land, particularly south of the border, which only adds to its future growth potential.

Therefore, with the stock now trading ultra-cheap and returning tonnes of passive income to investors, there's no question it's one of the best dividend stocks to buy on the TSX.

## One of the cheapest TSX dividend stocks to buy now

In addition to Freehold, another one of the best dividend stocks to buy on the TSX today is **Corus Entertainment** ([TSX:CJR.B](#)), a Canadian media company.

Corus is another one of the top Canadian stocks that generate significant cash flow and is, therefore, an ideal stock to buy for passive income. And because it's been oversold and trades unbelievably cheap, it's one of the top investments to make today.

In fact, just this morning, Corus issued a statement that it's been approved to double the potential shares it could buy back this year. In total, Corus has the ability to repurchase 10% of the shares outstanding as of January.

So, the fact that management continues to use capital to buy back shares not only shows that the stock is likely [undervalued](#), but it also shows that management has the confidence that Corus can continue earning strong cash flow, despite an uncertain macroeconomic environment.

In recent years, Corus has used its free cash flow to massively reduce its debt load, fund the ultra-safe dividend, as well as buy back shares. And when you consider just how much free cash flow it's generating, it's clear just how cheap the stock is and why it's one of the best investments for passive-income seekers.

Since September of 2018, the company has spent \$944 million of its free cash flow on either debt repayments, share buybacks, or dividend payments. But why is that number so important? Because as of Monday's close, Corus had a market cap of just \$762 million.

The stock is exceptionally cheap, and while it may be slightly impacted by macroeconomic headwinds, it can still remain profitable and generate tonnes of cash flow.

Therefore, while the stock is ultra-cheap, trading at a forward price-to-earnings ratio of just 4.7 times and offering a dividend yield of 6.4%, it has to be one of the best dividend stocks on the TSX that you can buy for passive income today.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:FRU (Freehold Royalties Ltd.)

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