Got $500? 2 Simple TSX Stocks to Buy Right Now

Description

If you got an extra $500, you should consider investing on commission-free trading platforms on Wealthsimple or **National Bank of Canada**. Particularly, here are a couple of simple **TSX** stocks that will make you richer over time.

Scotiabank stock for passive income

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a simple TSX stock to buy for passive income. The Canadian bank just reported its fiscal third quarter (Q3) earnings and dipped more than 5% yesterday, making it an opportunistic buy at a relatively high dividend yield of 5.4%. Its dividend remains safe, as it maintains a payout ratio of below 50%.

Its overall results for the quarter were stable with adjusted earnings per share (EPS) rising 4.5% year over year. Higher net interest income and loan growth helped drive earnings growth of 12% and 28% at its core business segments of Canadian Banking and International Banking, respectively. However, these results were offset by its Global Banking and Markets earnings that saw a substantial decline of 26% to $378 million, driven by lower capital markets revenue because of market conditions and lower advisory fees.

Because of Scotiabank's international exposure, its earnings growth can be bumpier than its big Canadian bank peers. Regardless, it still remains a profitable business through economic cycles. Its trailing 12-month (TTM) net income was about $10.6 billion. BNS's fiscal year-to-date adjusted EPS growth was 11.2% versus the prior year's period.

In the long run, the bank should experience stable earnings growth. For instance, in the past 10 years, its adjusted EPS increased at a compound annual growth rate of 5.3%. Assuming an EPS growth rate of 5%, the bank stock could result in long-term returns of approximately 11-14% annually over the next three to five years.

Another dividend stock for passive income

Sun Life (TSX:SLF)(NYSE:SLF) also earns multi-billions of dollars of net income each year. Its annualized net income is about $4 billion. The life and health insurance company is planning to sell its U.K. business, which manages life and pension policies and annuities, to **Phoenix Group** for about $385 million.

Management expects this transaction to provide growth opportunities for Sun Life's asset management businesses. As part of the sale, Sun Life will become a long-term asset management partner to Phoenix, which is the U.K.'s largest long-term savings and retirement business that has more than 13 million customers and £310 billion of assets under administration

The stable stock's five-year total returns are about 8% per year. This is a decent return given the stock has experienced valuation contraction and a selloff in the period. At $59.43 per share, the dividend stock trades at about 10 times earnings — a discount of about 17% from its long-term normal valuation. Over the next three to five years, the stock could deliver annualized returns of about 11-17%.

Investors get an initial dividend yield of 4.6%. Its TTM payout ratio of 42% is sustainable. For reference, the Canadian Dividend Aristocrat's five-year dividend-growth rate is 7.4%. Over the next three to five years, the insurance company could experience an EPS growth rate of about 6.5%.

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2. NYSE:SLF (Sun Life Financial Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:SLF (Sun Life Financial Inc.)

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