



My 3 Favourite TSX Stocks for a Passive Income TFSA

Description

As investors, we all want growth. But an investment strategy based solely on growth can be risky. While there are strong companies out there offering stable growth that you should definitely consider, the best options typically offer something else too: passive income.

It's these companies that I tend to look for when it comes to investing in my Tax-Free Savings Account (TFSA). I don't just want strong growth, I want stable passive income. So today I'm looking at my three favourite **TSX** stocks that offer just that.

CIBC

The Big Six Banks are solid picks for any TFSA. Each of them offer a long history of steady growth, as well as paying out and increasing [dividends](#). But of them all, I like **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) the most right now.

And that comes down to the bank's passive income. CIBC stock currently boasts a compound annual growth rate (CAGR) of 6.67% for its dividend over the last decade. That dividend has soared higher since the pandemic, and continues to remain strong. Despite rising inflation and interest rates creating a lower demand for loans, CIBC's provisions for loan losses allow it to weather these conditions.

So it's definitely one of the top companies I'll continue to buy up for my TFSA. Right now, CIBC stock trades at 9.14 times earnings and offers a tasty dividend yield of 5.41%. A \$5,000 investment in CIBC stock could bring in about \$262 in passive income each year.

NorthWest Healthcare REIT

I also love TSX stocks that can offer me a solid path towards growth and income. That's what I feel I get with **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)). It's solid for a number of reasons. It has a diversified portfolio of healthcare properties across the globe ranging from office spaces to hospitals, and it's buying up more all the time.

In fact, it has such a stable portfolio that its current average lease agreement sits around 14 years! That means I can look forward to even more passive income coming my way for the next decade and beyond. And with a dividend yield of 6.28%, that's quite a lot.

NorthWest is one of the passive income stocks I'll continue to buy up for my TFSA. It trades at a valuable 7.13 times earnings right now as well. So a \$5,000 investment would currently bring in about \$321 per year in passive income.

Canadian Utilities

If you want a solid passive income stock that's set to rise, then I would consider **Canadian Utilities** ([TSX:CU](#)). It's the *only* Dividend King among TSX stocks, raising its dividend every year for the last 50 years. It doesn't get much more stable than that.

That's why it's definitely one of my favourite passive income stocks. But beyond that, it's also a great way to buy into the transition to [clean energy](#). Canadian Utilities stock has a stake in both gas power and clean power, so it will continue to perform strongly no matter what the future holds.

Right now, you can buy it for a 4.37% dividend yield trading at a fairly priced 19.72 times earnings. Plus, its dividend has risen by a CAGR of 7.2% over the last decade alone. Today, a \$5,000 investment would bring in annual income of about \$218.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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