



TFSA Investors: 2 Incredible Deals to Buy Today

Description

The [market correction](#) is giving [TFSA](#) investors seeking passive income and total returns a chance to buy top TSX dividend stocks at [undervalued](#) prices.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) trades near \$88 per share at the time of writing compared to \$108 earlier this year. The pullback over the past several months has occurred amid increasing concerns that a recession is on the way in 2023 or 2024. It is true that we will likely see an economic slowdown, as rising interest rates drive up borrowing costs and ongoing elevated inflation forces households to dip into savings or use discretionary income to cover the rising costs of essential expenses.

Despite the headwinds, TD remains a very profitable company, has a strong capital position, and is making strategic moves to prepare the business for future growth. Adjusted net income for the first nine months of fiscal 2022 came in at \$11.36 billion compared to \$10.78 billion last year. The common equity tier-one (CET1) ratio was 14.9% at the end of the fiscal third quarter (Q3), which is well above the 10.5% requirement.

TD is in the process of buying **First Horizon** for US\$13.4 billion. The deal will add more than 400 branches to TD's American business that already runs from Maine right down the American east coast to Florida. First Horizon operates in the southeastern states, so the acquisition makes sense. TD is also buying **Cowen**, an investment bank, for US\$1.3 billion. The deal will expand TD's capital markets operations.

Canadian [bank stocks](#) could come under additional pressure if the housing market tanks, but that is unlikely. A gradual decline in prices is expected, as higher mortgage rates keep new buyers out of the market, and some highly leveraged existing owners are forced to sell. As long as the jobs market remains healthy, TD and its peers shouldn't see a big housing hit.

The stock offers a 4% dividend yield and a shot at decent upside in the share price. TD raised the dividend by 13% for fiscal 2022 and has a compound annual dividend-growth rate of about 11% over

the past 25 years.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company with a [market capitalization](#) of \$58 billion. The business provides essential mobile and internet services that people and companies need regardless of the state of the economy. This makes BCE a good stock to buy if you are searching for a defensive pick to add to a TFSA portfolio.

BCE's media division, which includes a TV network, specialty channels, radio stations, and interests in sports teams is more susceptible to revenue reductions due to the potential dip in advertising spending during a recession, but the group is performing well after the pandemic slump and is a smaller overall contributor to the revenue stream.

BCE invests heavily to defend its strong competitive position. Management is spending \$5 billion in 2022 on initiatives that include the expansion of the [5G](#) network and the direct connection of 900,000 customers with fibre optic lines. These programs set BCE up for revenue growth through the offering of new services and upgraded data plans.

BCE stock trades near \$64 per share at the time of writing compared to the 2022 high around \$74. Investors can take advantage of the pullback to secure a 5.8% dividend yield and simply wait for the distribution to increase. BCE raised the dividend by at least 5% annually over the past 14 years.

The bottom line on top stocks to buy for a TFSA

TD and BCE pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income or total returns, these stocks look cheap today and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BCE (BCE Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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