



## 3 Undervalued TSX Stocks for Reliable TFSA Passive Income

### Description

The **TSX** stock market is incredibly volatile this year. No wonder Canadian investors are running to solid [dividend stocks](#) for reliable passive income! If you are looking for some sources of passive income that are tax free, your best bet is to invest through your [Tax-Free Savings Account](#) (TFSA).

The TFSA is ideal for long-term investments because all income (interest, dividends, and capital gains) is safe from tax. If you just want safe income for the short-term and some attractive capital upside over the long term, here are three highly undervalued dividend stocks to hold in your TFSA.

### Granite REIT

**Granite Real Estate Investment Trust** ([TSX:GRT.UN](#)) has the ideal combination of cheap valuation and attractive dividends. At only 17 times adjusted funds from operation (its core profitability metric), Granite stock is trading at its cheapest valuation since early 2019. It is trading with a dividend yield over 4% today!

Granite's stock is marked down over worries about rising interest rates and its exposure to a slouching European economy. However, its large logistic properties are core infrastructure to the global supply chain. Its operational and financial fundamentals have not been better.

Fortunately, market pessimism won't last forever. When [sentiment does shift](#), Granite's stock could have a significant recovery upwards. In the meantime, collect a great monthly stream of passive income in your TFSA.

### Pembina Pipeline

Another undervalued TSX stock for monthly passive income in your TFSA is **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). It only trades for 16 times earnings, which is a discount to other large TSX pipeline stocks. It offers an elevated 5.6% dividend that it pays out monthly to shareholders.

Oil and gas prices across the world remain elevated. That has helped support very strong earnings growth for Pembina. It operates crucial transportation and midstream infrastructure for oil and gas producers across North America. Most of its cash flows are contracted, so that helps its consistently maintain its attractive dividend.

Pembina just increased its dividend by 3.6%. Given the global energy crunch, Pembina should benefit from expanding its infrastructure portfolio. Hold this in your TFSA, and you are likely to get a great combination of passive income and capital upside over time.

## TELUS

**TELUS** ([TSX:T](#))([NYSE:TU](#)) is one of the best TSX stocks to hold in a TFSA for safe growth and income today. It has an incredible track record of growing its dividend annually by around 8%. Today, shareholders collect an attractive 4.7% dividend that it pays out quarterly.

Internet and cellular service are essential. As a result, TELUS collects contracted, predictable streams of cash flows. One thing many investors don't know is that TELUS is investing heavily in some very fast-growing digital businesses. These are focused on customer experience, virtual health, and agriculture technology.

With a price-to-earnings ratio of 21, the market has yet to seriously factor these businesses into its valuation. That means there could be serious stock appreciation (on top of its dividend), as these individual businesses grow.

## The Foolish bottom line

If you just want dependable passive income for your TFSA, these three TSX stocks are ideal for any investment portfolio. Collect some dividends while you wait for the stock market to reward them for their [hidden value](#).

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:T (TELUS)

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