3 TSX Stocks to Buy Today and Hold Forever

Description

The market pullback is giving Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors a chance to buy great Canadian dividend stocks at cheap prices for portfolios focused on passive income and total returns.

TD Bank

TD (TSX:TD) trades for $85 per share at the time of writing compared to $109 at its peak in February 2022. The significant drop corresponds with the steady rise in recession fears over the past six months.

The Bank of Canada and the U.S. Federal Reserve are on a mission to get inflation back down to 2-3%. In Canada, inflation was 7% in August. To achieve the goal, the central banks are raising interest rates aggressively with the aim of cooling off a hot economy. Investors are concerned the efforts will be too successful and trigger a deep and extended recession.

That's certainly possible, but most pundits predict a mild and short economic downturn. The jobs market remains very tight, and banks say businesses and households are sitting on large savings. As long as there isn't a sharp jump in unemployment, TD and its peers should be in good shape.

TD remains very profitable, and the increase in interest rates should start to show up in improved net interest margins. This will help offset a slowdown in demand for new loans and the anticipated increase in loan losses. As such, the pullback in TD's share price seems overdone.

TD offers a 4.2% dividend yield right now. Investors should see a generous increase for 2023, despite the economic headwinds.

Fortis

Fortis (TSX:FTS) is a utility company with $60 billion in assets in Canada, the United States, and the Caribbean. The company gets 99% of its revenue from regulated assets, so cash flow is predictable and reliable. The businesses include power generation, electricity transmission, and natural gas distribution operations. These are essential services that homes and businesses need in all economic conditions.

Fortis appears oversold at the current share price near $53. The stock was as high as $65 earlier this year. Investors who buy at the current level can get a 4% yield. Fortis has raised its dividend in each of the past 48 years.

BCE

BCE (TSX:BCE) trades for less than $59 at the time of writing compared to $74 in April. The drop looks exaggerated, given BCE's strong market position and the reliability of its internet and mobile service revenues during challenging economic times.

BCE enjoys a wide competitive moat in the Canadian communications market and is making heavy investments in new technology and network upgrades to protect its position. In fact, BCE is spending $5 billion 2022 to build out the 5G network and run fibre optic lines to the buildings of another 900,000 customers.

BCE has raised the dividend by at least 5% per year for more than a decade. Investors who buy the stock at the current price can get a 6.25% dividend yield.

The bottom line on top TSX stocks to buy now

TD, Fortis, and BCE are great dividend stocks with distributions that should continue to grow for years. If you have some cash to put to work in a TFSA or RRSP, these stocks look cheap right now and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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

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