3 No-Brainer TSX Stocks to Buy in a Correction

Description

Stock market sentiment has become so negative lately that it's dragging down even the highest quality TSX dividend stocks. After the **TSX Index** has fallen nearly 12% in 2022, there are plenty of attractive bargains. If you're looking for safe stocks that produce passive income, there are several great opportunities today. Here's three large-cap, TSX dividend aristocrats that are no-brainer buys.

TD Bank: A top TSX stock for dividend growth

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) stock has fallen 10% in 2022. Right now, it trades with a 4.2% dividend yield, which is still nicely over its five-year average of 3.84%.

Likewise, with a price-to-earnings (P/E) ratio of 9.5 times, it looks to be attractively priced. For context, last year at this time, it was trading closer to 11.7 times earnings.

TD is one of Canada's largest retail banks and a major player in the eastern United States. Several American banks have recently reported better-than-expected third quarter earnings because of high interest margins, stable consumer patterns, and higher fixed income trading. Given TD's U.S. exposure, it is likely to enjoy a nice Q3 earnings tailwind from these trends.

TD is a very well-managed, well-capitalized bank that pays a growing dividend. As a high-quality income stock with a fair price, TD is a great dividend stock to buy today.

Fortis: As defensive as you can get

Fortis (TSX:FTS)(NYSE:FTS) is another dependable dividend stock that has recently fallen. It's down nearly 23% in 2022. Right now, it's trading with a 4.55% dividend yield, which is significantly higher than its five-year average of 3.6%.

Fortis is trading with a P/E ratio of 17 today. That's down from nearly 20 times a year ago. The stock has not traded this cheaply since the pandemic market crash in early 2020.

Fortis operates an incredibly stable business. Its electric and natural gas transmission/distribution assets play a crucial economic role in the jurisdictions in which they operate. Individuals and businesses will always need power and gas, so demand is highly predictable.

It has a conservative capital growth plan that should expand earnings and dividends per share by a mid-single digit growth rate for years ahead. This should offset the effects of inflation and rising interest rates. Fortis has a low-risk business model, and a predictable, growing dividend. It's a no-brainer for conservative investors today.

TELUS: A TSX telecom stock with hidden value

TELUS Corp. (TSX:T)(NYSE:TU) is another attractive TSX stock to buy for its combination of income and growth. It's down over 16% in the past six months. New investors can earn a 4.9% dividend yield if they buy TELUS stock today. That's above its five-year average yield of 4.5%.

With a P/E ratio of 21, TELUS is not the cheapest telecom stock. However, it has traded at a premium to peers because of its consistent market-leading earnings and cash flow growth. Not only is TELUS a leading telecommunications provider, but it also has several digital growth verticals in customer experience, healthcare, and agriculture.

These businesses are hardly factored into TELUS' stock price. At some point, TELUS is likely to monetize some of these businesses. That could be a huge catalyst for the stock. In the meantime, investors can own a piece of this reliable business and enjoy an attractive stream of growing dividend income.

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