



These 3 TSX Stocks Are Timely Buys Amid the Market Selloff

Description

The Canadian stock market has declined about 13% from its 52-week high. This correction provides investors with some timely buying opportunities in dividend stocks for more income. Here are a few defensive TSX stocks you can depend on for passive income.

Fortis stock

Fortis ([TSX:FTS](#)) stock has tumbled as much as 21% since May. This is a big downside for the regulated utility that produces predictable earnings. It's a timely buy now for the quality dividend stock.

First, the business is defensive. Its portfolio consists of 10 regulated utility businesses that are primarily diversified across the United States and Canada. Its balance sheet is also 93% made up of essential service transmission and distribution assets.

Second, after the stock selloff, its reduced stock valuation also provides another layer of defence. The average 12-month price target across 14 analysts represents a near-term upside potential of 18%.

Third, at \$51.37 per share at writing, the Canadian Dividend Aristocrat offers a decent dividend yield of 4.4%. It has a low-risk capital program to drive dividend growth of about 6% through 2025. So, in this period, investors can expect annualized total returns of approximately 10.4%.

Valuation expansion prospects could drive an additional return of 5.7% in price appreciation, resulting in annualized returns of about 16% over the next three years or so.

Enbridge stock

Enbridge ([TSX:ENB](#)) is another [large-cap stock](#) that you can depend on for periodic returns from dividends. The stock is down about 14% since May, pushing its dividend yield attractively to 6.7%.

The company owns and operates critical energy infrastructure in North America. Its portfolio is

diversified across more than 40 sources of cash flow across liquid pipeline, gas transmission, gas distribution and storage, and renewable power assets. The diversification is of high quality, as 95% of its customers are investment grade.

Enbridge also maintains an investment-grade credit rating of BBB+. It enjoys highly predictable cash flows similar to that of a utility's. Its dividend is supported by a payout ratio that is sustainably at approximately 65% of its distributable cash flow.

Analysts believe Enbridge stock can climb roughly 17% over the next 12 months on top of the safe dividend it pays out.

BNS stock

Bank of Nova Scotia ([TSX:BNS](#)) stock is another reliable [blue-chip stock](#) for income. Year to date, BNS stock has experienced the weakest price action among the Big Six Canadian [bank stocks](#).

It has sold off substantially by almost 32% from its 52-week and all-time high. The market has a particularly negative outlook on the bank, because a recession is expected to occur in Canada by next year and one is already occurring in the United States. The bank also has exposure to higher-risk Pacific Alliance countries.

As a result, it's a timely buy to accumulate BNS shares for an attractive dividend yield of close to 6.4%. Its payout ratio remains sustainable at about 48% of its earnings this year. At \$64.89 per share at writing, the absolutely undervalued bank stock can climb about 29% based on the average 12-month price target across 14 analysts.

The Foolish investor takeaway

By making timely buys in Fortis, Enbridge, and BNS stocks today, conservative and [new investors](#) alike can enjoy receiving periodic returns from their safe and growing dividends. Investors can then more patiently wait for price appreciation to take place over time.

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3. NYSE:FTS (Fortis Inc.)
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