TFSA Dividend Stocks: Buy 3,191 Shares in This TSX Stock for $3,000 in Passive Income

Description

Dividend stocks have been a key focus right now for investors. With the TSX still down by 8.8% year to date, investors are looking for ways to make back the cash they've lost this year. And one way is to bring in passive income through dividend stocks.

Energy seems secure, right?

With this in mind, some of the best dividend stocks in the past have been energy stocks. Specifically, oil and gas companies. And right now seems as good a time as any! You get passive income, plus returns as the price of oil and gas rebounds significantly.

But not so fast. This is all well and good right now, but there's a prediction that there will soon be a drop in oil and gas prices. In fact, oil and gas prices have already started to come back down. And even if they surge back up again, honestly this sector just seems way too volatile for my liking.

Look at the past few years. Some of the top energy stocks have fluctuated up and down since 2017! Sure, you may get some passive income from these dividend stocks, but is it worth it if you're losing share returns?

Don't ditch energy altogether

Instead of ditching energy, I would instead look to renewable energy for dividend stocks. There are some out there that have been growing for the past few decades. Therefore, they aren't just popular stocks starting to rise in the wake of this growth opportunity.

One of those dividend stocks includes **TransAlta Renewables** (TSX:RNW). TransAlta stock is the perfect option for investors unsure of where the future of renewable energy lies. The company invests in everything from wind and hydro and solar to gas from Canada, the United States, and Australia. This gives you access to growth in oil and gas prices but provides you with a clear path to renewable growth.

Furthermore, it's this diversification that also makes it a safe option. The main issue right now seems to be rising interest rates and inflation, as the company tries to expand its operations. Even so, it's a strong company with solid passive income. Let's see why.

Staying strong

During the second quarter, TransAlta stock reported a 30% increase in adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) of $126 million year over year. Free cash flow increased by 23%, and it's working on several expansion projects throughout Canada.

New on these expansion projects should come with the third-quarter results, which are out Nov. 8. Right now is a great opportunity to lock in these rates before a potential bump.

Shares are down 18% year to date, though they have bounced up 13% during this rally in the markets. You can still pick it up trading at 2.11 times book value, and it's still a strong company needing just 49.23% of equity to cover all its debts.

Passive income, and then some!

If investors were to purchase 3,191 shares on the TSX today, that would bring in $3,000 per year. That's a total investment of $46,173 as of writing. Plus, that income comes out each and every month like a paycheque!

Don't ignore this downturn and the opportunities lying within it. These won't last forever. So, make sure to add TransAlta stock to your watchlist when looking for dividend stocks today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred

6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/05
Date Created
2022/10/28
Author
alegatewolfe