



2 Top Canadian Stocks to Buy for Monthly Passive Income

Description

Retirees and other Tax-Free Savings Account (TFSA) investors can take advantage of the [market correction](#) to buy top [TSX](#) dividend stocks for self-directed portfolios that are focused on generating reliable and growing tax-free passive income.

BCE

BCE ([TSX:BCE](#)) is Canada's largest communications company with a current [market capitalization](#) of \$56 billion. Most of the revenue comes from essential mobile and internet subscription services. This means BCE should be a good stock to buy if you are concerned about the risks of a recession arriving in the next 12-18 months.

That being said, the stock isn't bulletproof. The media group, which includes a TV network, specialty channels, and radio stations, relies on advertising revenue. If times get tough, businesses will likely cut back on ad spending, as they did during the pandemic.

BCE is making big investments to drive future revenue growth. The company continues to run fibre optic lines to the buildings of its customers. At the same time, BCE is expanding its [5G](#) mobile network. These initiatives open up new revenue opportunities for added services or higher rate plans, as clients consume more broadband.

BCE stock looks undervalued today near \$61.50 per share. It was as high as \$74 earlier in 2022. Investors who buy at the current price can get a 6% dividend yield.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#)) trades for \$45 per share at the time of writing compared to \$53 in June. The drop appears overdone given the strong momentum in the energy industry and the company's strategic position in the midstream segment of the energy infrastructure market.

Pembina Pipeline provides pipeline, logistics, gas gathering and gas processing services to oil and natural gas producers. The company also has a propane export terminal and is evaluating liquified natural gas (LNG) and carbon-capture development opportunities.

The board recently raised the dividend and management increased full-year 2022 guidance. Pembina Pipeline pays its dividend monthly, so it is a good stock to buy for retirees seeking steady passive income throughout the year. Investors who buy at the current share price can get a 5.8% annualized yield.

The rebound in the oil and gas industry is expected to continue for the next few years, driven by strong international demand for Canadian oil and natural gas. For example, Europe is scrambling to find secure fuel supplies to replace its reliance on Russia.

Pembina Pipeline has a history of being an aggressive buyer of assets to drive growth. That trend will likely continue. However, the stock could also become a takeover target. Larger players in the industry, or even alternative asset managers, could potentially make a play for the business due to its attractive cash flow. If that happens, investors could see a nice buyout premium offered on the stock price.

The bottom line on top stocks for passive income

BCE and Pembina Pipeline pay attractive dividends with high yields. If you have some cash to put to work in a self-directed TFSA focused on passive income, these stocks appear cheap right now and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BCE (BCE Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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