2 Top TSX Stocks to Buy Now for Passive Income

Description

Pensioners and other investors interested in passive income are searching for top TSX dividend stocks to add to their Tax-Free savings Account (TFSA) portfolios. In the current environment of market instability, it makes sense to consider industry leaders with long track records of dividend growth.

BCE

BCE (TSX:BCE) is Canada's largest communications company with a current market capitalization of roughly $58 billion. Income investors have relied on BCE for generous and consistent dividend payments for decades. Management has done a good job in transitioning form the old wireline phone service model to embrace emerging technologies, while also building a media group that provides a stream of content to customers across multiple platforms.

BCE continues to invest in network upgrades to protect its competitive position and drive future revenue growth. The 2022 capital budget of $5 billion went towards the installation of fibre optic lines to 900,000 customer buildings as well as the continued expansion of the 5G mobile network.

BCE generated solid results for the third quarter (Q3) of 2022 and is on track to meet its full-year financial goals. The company expects earnings to be 2-7% higher this year on a per-share basis and free cash flow is on track to expand by 2-10%. This should support a decent dividend increase for 2023. BCE raised the payout by at least 5% in each of the past 14 years.

BCE stock trades near $64 at the time of writing compared to the 2022 high around $74, so investors have a chance to pick the shares up on a dip. The dividend currently provides a 5.75% yield.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ) is Canada's largest oil and natural gas producer by market capitalization with a current value of $86 billion. The company has a diversified portfolio of production assets that span the hydrocarbon footprint, including oil sands, conventional heavy oil, conventional light oil, offshore oil, natural gas liquids, and natural gas.

CNRL typically owns 100% of its assets rather than having partners. This increases financial risks on big projects, but it also gives management the freedom to shift capital around the portfolio in a timely manner to take advantage of changes in the commodity markets.

CNRL's vast natural gas resource base positions the company well to benefit from rising international demand for North American natural gas. The construction of new liquified natural gas (LNG) facilities in British Columbia will open up new markets for Canadian natural gas producers.

CNRL is benefitting from the rebound in oil and natural gas prices. The company is paying down debt and buying back stock with excess cash. Management has also raised the dividend considerably in the past year, and investors have even received a generous bonus payout.

Energy prices are expected to remain at very profitable levels for the next few years. Even during downturns, CNRL manages to generate solid results. Investors, as a result, have received a dividend increase for 22 consecutive years.

The stock trades near $78 per share at the time of writing compared to the June high around $88. Investors who buy now can get a 4.4% dividend yield.

The bottom line on top stocks for passive income

BCE and CNRL pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:CNQ (Canadian Natural Resources Limited)

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