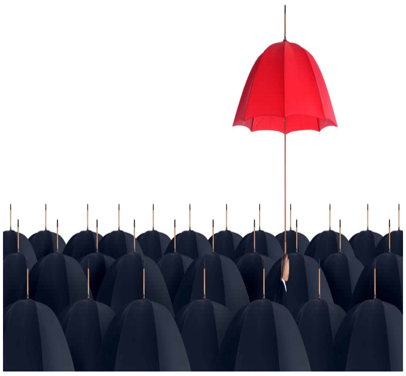

3 TSX Stocks I'd Buy for Passive Income and Double the Value

Description

Once 2023 earnings come due, there's a good chance that the earnings erosion may not be as bad as we thought. Indeed, things can always get worse, but they also can get better. In a bear market, it's easy to think of worst-case scenarios, even though they may not be the most probable of outcomes!

Downside risks may seem high here, but I think it's safe to say that it's far lower than it was at this time last year! Last holiday season, stocks were dancing on a knife's edge. This year, we may be closer to turning a corner than experiencing another free fall.

Despite the tough terrain, there are many reasons to stay the course and continue buying TSX stocks that offer the perfect mix of passive income (dividends) and value. The lower a stock goes, the higher its yield will rise. The following names, I think, provide a good mix for value-conscious passive income investors.

Canadian insurance stocks look ripe to buy

That's why I'm sticking with stocks over bonds. In this piece, we'll look at **Manulife** (TSX:MFC), **IA Financial** (TSX:IAG), and **Intact Financial** (TSX:IFC). The three Canadian insurers look rich in value, with yields that will likely survive the coming economic onslaught.

Manulife is arguably the most popular insurance stock in the country, not just for its size ($45.1 billion market cap), but its juicy 5.5% dividend yield and most promising growth profile. Asia is a huge market that could lift Manulife once the worst of the recession storm is over. It's hard to imagine a global bull market when waiting for a recession to hit. In any case, MFC stock remains a deep-value play I'd hold for the long run while shares trade at 6.4 times trailing price-to-earnings (P/E). That's way too cheap for an insurer that's gone nowhere far (down 10%) in the past five years.

IA Financial and Intact are lesser-known insurers that may be even better bets at this market crossroads. IA is a mere $8.2 billion insurer and wealth manager with a more domestic focus than other big insurers. The stock trades at 10.5 x trailing P/E, with a 3.46% dividend yield. It's pricier and less bountiful than Manulife. Still, the stock has been more productive in the last five years, advancing more than 31%.

Finally, Intact is a very compelling growthy insurer in the property and casualty insurance business. The stock has held up far better than the TSX Index, down less than 5% from its recent peak. With a 13.1 trailing P/E and a 2.% dividend yield, IFC makes for a great total-return play for investors seeking the optimal mix of total returns over the medium- and long-term.

Best buy for TSX stock investors?

You can't go wrong with any of the three. If I had to choose one, I'd go with Manulife. It's the cheapest, with the biggest dividend and the most upside in the face of the next bull market. The bear will be unkind in the meantime, so brace yourself for more volatility.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)
2. TSX:IFC (Intact Financial Corporation)
3. TSX:MFC (Manulife Financial Corporation)

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