



## 3 Undervalued TSX Stocks You Can Buy at a Screaming Discount for Passive Income in 2023

### Description

The [market correction](#) hammered stocks in 2022. This wasn't easy to watch, but investors with a buy-and-hold strategy can now find top [TSX](#) dividend stocks trading at undervalued prices for a self-directed Tax Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) portfolio.

### Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#)) currently trades for \$66 per share compared to its 2022 high of \$95. The stock is on track to drop 27% for the year despite strong financial performance in fiscal 2022. In fact, Bank of Nova Scotia's adjusted net income for the year came in at \$10.8 billion compared to \$10.2 billion in 2021.

The market seems to think 2023 and 2024 will be a disaster for the bank. This is certainly possible if the Canadian and global economies go into a deep and prolonged recession. The expectation from economists, however, is for Canada to see a mild and short recession.

Considering the ongoing strength in the jobs market and historically high level of savings that households and businesses built up during the pandemic, the drop in Bank of Nova Scotia's share price appears overdone.

The board raised the dividend this year and investors should see another increase to the payout in 2023. At the time of writing, BNS stock provides a 6.25% dividend yield.

### TC Energy

**TC Energy** ([TSX:TRP](#)) trades for \$55 per share at the time of writing compared to \$74 in June. The company has had a rough run in the second half of 2022 with a leak occurring on the Keystone line in the United States and warnings of rising costs on the Coastal GasLink project that will bring natural gas from producers in northeastern British Columbia to a new liquified natural gas (LNG) facility on the B.C.

coast.

Fortunately for investors, most of the bad news should be in the rearview mirror. The Coastal GasLink is 80% complete and TC Energy already ironed out an agreement with LNG Canada on cost-sharing for the project. TC Energy's overall capital program of \$34 billion should drive up cash flow in the coming years. Either way, management is still targeting annual dividend growth of 3–5%.

Investors who buy TRP stock at the current price can get a 6.5% dividend yield.

## Suncor

**Suncor** ([TSX: SU](#)) trades for close to \$42 per share at the time of writing. This is roughly where the stock sat before the pandemic. Suncor's oil sand peers have seen their share prices almost double since early 2020, so the stock has badly underperformed the sector.

This might change in 2023. Suncor used excess cash from soaring oil prices to pay down debt and buy back stock in the past couple of years. The board also reversed the 55% dividend cut that occurred in the early months of the pandemic and has even increased the dividend to a new all-time high. The latest raise of 11% brings the current quarterly payout to \$0.52 per share. This provides an annualized yield of about 5% at the current share price. Investors should see the payout increase again in 2023 or receive bonus distributions.

Oil remains at a profitable level for Suncor, even after the pullback from the 2022 highs. Global fuel demand is expected to grow next year as airlines ramp up capacity and commuters return to offices. This bodes well for oil prices and Suncor's downstream refining and retail divisions.

## The bottom line on top stocks to buy for passive income in 2023

Bank of Nova Scotia, TC Energy, and Suncor pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA or RRSP, these stocks look cheap right now and deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:TRP (TC Energy Corporation)

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