



TFSA: Invest \$40,000 in These 2 Stocks and Get \$240 in Passive Income

Description

Every investor has a different strategy for utilizing their yearly Tax-Free Savings Account (TFSA) contribution room. Some investors prefer to keep the cash available and buy their favourite stocks as soon as they are discounted or undervalued. Others have a more disciplined approach and buy stocks on a schedule.

The same can be said for what kind of stocks different investors choose and how they plan their TFSA portfolios as a whole and not just every year.

For example, if you have a fully stocked TFSA at your disposal right now, and you decide to invest roughly half of it (\$40,000) in income-generating dividend stocks, it might be an excellent exercise to see how it would do in two healthy and high-yield dividend stocks.

An energy stock

The [energy stocks](#) in Canada have been a hot commodity for a while, thanks to the historic sector-wide revival they experienced after the pandemic. The index has grown over 400% since March 2022. And even though this growth has been marvelous up until now, there is uncertainty about how much longer it will keep up. And this makes investors a bit uncertain regarding energy stocks.

This is one of the reasons why **Gibson Energy** ([TSX:GEI](#)) is a good pick. It's one of the few energy stocks that didn't participate in the sector's meteoric rise up. In fact, the stock is still trading at a modest 5.3% discount from its pre-pandemic peak, which is in stark contrast to most energy companies that have left their pre-pandemic valuations in the dust.

Another reason to consider this energy company for passive income from your TFSA is its resilience. Even though it didn't fully recover from its 2014 fall, the stock rose over 100% between early 2016 and early 2020. This gives us an idea of how the stock might perform after the eventual sector-wide correction.

As for dividends, it's currently offering a juicy 6.17% yield, and even though the payout ratio is 107%,

it's quite modest compared to the 2020 and 2021 numbers. And even though the stock suffered quite a bit after the 2014 crash, it didn't slash its payouts. This makes the dividend quite resilient.

An equity partnership trust

Alaris Equity Partners ([TSX:AD.UN](#)) saw amazing growth after the Great Recession, and it's easy to see why. Its business model, which is built around providing financial assistance to distressed businesses without taking control of the company and stringent criteria for choosing such companies to invest in, is well suited to perform in such environments.

And there is a significant probability that history might repeat itself, if not now, then after the 2023 recession.

Meanwhile, you get to take advantage of the current discount and lock in a mouth-watering 8.34% yield. The stock is still almost 30% down from its pre-pandemic peak and is currently trading at a price-to-earnings ratio of just 5.6, making it an attractively undervalued stock.

The passive income

Let's say that an investor with access to a fully stocked TFSA, either with savings or investments, is planning to liquidate and reassign the capital to other investments (assuming they haven't taken a loss); \$40,000 makes up less than half of the TFSA. If we split it equally, \$20,000 goes to each company.

And it can help generate a monthly income of about \$240 a month, though both stocks come with a quarterly payout.

Company	Recent Price	No. Of Shares	Dividend (Quarterly)	Total Payout (Quarterly)	Frequency
Gibson Energy	\$24	833	\$0.37	\$308	Quarterly
Alaris Equity Partnership	\$16.3	1,227	\$0.34	\$417	Quarterly

Foolish takeaway

Even though only one of the two is actually counted among the [undervalued stocks](#), both offer great value and are currently discounted. And the cherry on top is the growth potential they might offer in the long run. Both stocks have a history of raising payouts, so this passive income may grow in the future, at least enough to stay ahead of inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:GEI (Gibson Energy Inc.)

PARTNER-FEEDS

1. Business Insider
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3. Koyfin
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