TFSA Passive Income: 2 Top Oversold TSX Dividend Stocks to Buy Now

Description

The market correction is providing pensioners and other investors seeking passive income with a chance to buy great Canadian dividend stocks at undervalued prices for their self-directed Tax-Free Savings Account (TFSA) portfolios.

default watermark

Fortis

Fortis (TSX:FTS) trades for $55 per share at the time of writing. That's up from the 12-month low near $49 it hit in October but is still way off the $65 mark the stock reached last year.

Fortis gets 99% of its revenue from regulated utilities. This means cash flow should be predictable and reliable, even during tough economic times. Total assets of $64 billion are spread out across Canada, the United States, and the Caribbean. The businesses include power-generation facilities, electricity transmission lines, and natural gas distribution utilities. Homes and businesses need power and fuel regardless of the state of the economy.

Fortis is working on a $22.3 billion capital program that will significantly increase the rate base over the next few years. This will drive up revenue and cash flow enough that management intends to boost the dividend by 4-6% per year through at least 2027. That's solid guidance in a challenging economic outlook.

Fortis increased the dividend in each of the past 49 years, so investors should feel comfortable with the ability of the firm to hit its targets. At the current share price, FTS stock provides an annualized dividend yield of 4%.

TC Energy

TC Energy (TSX:TRP) trades for $53 per share at the time of writing compared to the 2022 high around $74 it hit last June. The steep decline in the back half of last year occurred amid the broader pullback in the energy sector, as investors booked profits after the big gains, driven by soaring oil and natural gas prices. TC Energy also had some company-specific issues that hurt the stock. The construction of the Coastal GasLink pipeline in British Columbia has faced severe challenges in the past couple of years, and costs have soared on the project.

TC Energy is also dealing with a recent oil spill on the Keystone pipeline in the United States.

Looking ahead, there shouldn't be more surprises on the Coastal GasLink pipeline. TC Energy sorted out a cost-sharing dispute with LNG Canada, and the development is now 80% complete with mechanical operation expected by the end of 2023.

TC Energy says it is still on track to deliver dividend growth of 3-5% per year over the medium term, supported by the $34 billion capital program through 2026.

Investors who buy the stock at the current level can get a 6.8% dividend yield.

The bottom line on top stocks to buy for passive income

Fortis and TC Energy pay attractive dividends that should continue to grow in the coming years. The stocks appear oversold right now and offer investors decent passive income and a shot at solid total returns over the coming years.

If you have some cash to put to work in a self-directed TFSA, these stocks deserve to be on your radar.

default watermark

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Investing

Date
2025/08/22
Date Created
2023/01/06
Author
aswalker

default watermark

default watermark