



3 Incredibly Cheap TSX Stocks to Buy for Passive Income

Description

The [TSX Index](#) has had a nice recovery in 2023. Since the start of the year, the Index has climbed 5% to over 20,386 points. Despite this nice rally, dividend stocks continue to present attractive value. Rising interest rates have put pressure on many dividend stocks, even when not necessarily justified. As a result, Canadian investors can pick up some nice dividend yields at reasonable prices.

If you are looking for some cheap TSX stocks for passive income, here are three that should be on your radar.

AltaGas: A cheap TSX stock growing its dividend

AltaGas ([TSX:ALA](#)) stock has pulled back nearly 24% since August 2022. Given that energy prices have declined, the company expects earnings growth in its midstream business to moderate. The stock pulled back on this news.

Yet the company still expects solid +5% earnings-per-share growth in 2023. AltaGas recently announced the sale of some [non-core assets](#). Its balance sheet is positioned to considerably improve afterwards. Today, over 50% of its business comes from a steady regulated utility business in the United States. That business has some high single-digit opportunities to grow in the coming few years.

Despite its improving business trajectory, AltaGas continues to trade at material discount to many of its utility and midstream peers. Today, this TSX stock earns a 4.7% dividend yield, and the company targets 5-7% annual dividend growth all the way to 2027.

Dream Industrial: An undervalued TSX dividend stock

One of the cheapest places to find income today is in [real estate](#). Even after rising 13% so far this year, **Dream Industrial Real Estate Investment Trust** ([TSX:DIR.UN](#)) continues to be a very [cheap stock](#). It trades at a +20% discount to its net asset value (private appraised value) and a meaningful discount to other comparable industrial real estate peers.

Dream has well-located properties that continue to demand strong rental rate growth. Analysts project that it could grow its funds from operation (FFO) per unit (a core metric of profitability for REITs) by nearly 8% in 2023. Given its recent joint-venture announcement to acquire a stake in **Summit REIT**, earnings growth could be even better.

The REIT pays out an attractive \$0.0583 per unit monthly dividend that equates to a 5.4% yield. Given its dropping payout ratio, Dream may even raise its dividend in coming years if its growth momentum continues.

goeasy: Higher risk but also higher reward

If you want a combination of [growth](#) and dividends, **goeasy** ([TSX:GSY](#)) continues to be an intriguing stock. Investors will have to be aware that this stock does have a bit higher economic risk, but it also has significant upside if recession worries are not as bad as initially thought.

goeasy is one of Canada's largest providers of non-prime loans. Generally, these are loans that major Canadian banks have pulled away from because they are harder to manage and have more risk. As a result, goeasy has been able to capture market share by providing a high-quality, omni-channel lending platform.

This TSX stock has delivered an impressive 188% stock return over the past five years. This stock earns a 3.2% dividend yield, and it has increased its annual dividends by a massive 35% compounded annual rate.

goeasy trades for 8.5 times 2023 projected earnings. Given its track record of growth and its attractive dividend, this could be a great passive-income stock for investors with a higher tolerance for volatility and risk.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:GSY (goeasy Ltd.)

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. kduncombe
2. robbybrown

Category

1. Dividend Stocks
2. Investing

Date

2025/07/20

Date Created

2023/01/22

Author

robbybrown

default watermark

default watermark