TFSA Investors: 3 Dividend Stocks That Are on Sale

Description

Holding stocks in a TFSA account can help investors earn income from dividends and capital appreciation on a tax-free basis on eligible investments. That's why when dividend stocks go on sale, it creates a great opportunity to not only buy on the dip, but to also lock in a higher yield.

The three stocks below have seen declines recently, and it could be a great time to add these dividend stocks to your portfolio.

Enbridge Income Fund Holdings Inc. (TSX:ENF) holds key assets that are used by its parent company **Enbridge Inc.** (TSX:ENB)(NYSE:ENB). While both stocks offer investors great payouts, the fund offers a better option for dividend investors.

The parent company's dividend growth will eventually surpass the fund's payouts, but it's hard to envision holding any oil and gas stock for the long haul given the uncertainty, and that's why the fund might be better for investors that want to secure a good dividend in the near term.

In the past three months, the fund's share price has declined more than 6%, and its monthly payouts are now yielding over 7.5% annually. By comparison, the parent company's yield is just 5.3%.

The stocks are very similar, and over the years they have not seen much divergence. In the past five years, the parent company's returns of 17% have actually been outperformed by the fund's 22% increase during that time.

With the oil and gas industry continuing to recover, the fund could be a great buy today, because it may not stay this low for long.

Cineplex Inc. (TSX:CGX) has seen more of a pronounced decline in share price. In the last six months, the stock is down more than 30%, and as a result, its dividend now pays investors 4.6%.

Cineplex has been struggling recently with attendance figures this past summer, and the company hopes that adding sporting events will help bring more people to its theatres.

Despite its challenges, Cineplex has been able to remain profitable, and its financials haven't taken a big hit — yet. In its most recent quarter, sales were down less than 2% from a year ago.

The company has some work to do to keep attendances from declining, but at this point, the stock doesn't present a big risk to investors.

Thomson Reuters Corp. (TSX:TRI)(NYSE:TRI) is currently paying investors 3.2% after the share price has declined 7% in the past six months. It may be the lowest yield on this list, but the company offers the most stability.

While "fake news" is the talk of the last few years, Thomson Reuters remains a trusted name in the industry. As we see more concern about the legitimacy of news and information, that might make the Thomson Reuters brand even more valuable.

In five years, the share price has nearly doubled, and it's a company that still has a very important place in today's world. For instance, much of the financial information you obtain about stocks and investments comes from Thomson Reuters, and that's not likely to change anytime soon.

The stock is near its 52-week low and could present a lot of upside for investors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CGX (Cineplex Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:TRI (Thomson Reuters)

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