TFSA Investors: 2 Cheap Dividend Stocks Trading Near Their 52-Week Lows

Description

While many investors may say that timing a stock purchase could be a waste of time and have minimal impact over the long term, if you're able to buy the stock at a low, it can help maximize your returns, especially if you aren't planning to hold a stock for decades. While you don't necessarily want to wait around for a stock to drop in price, especially since many blue-chip stocks won't normally see big declines, if there's an opportunity to buy at a discount, it could be costly to ignore it.

Below are two stocks that are trading near their 52-week lows and that might have bottomed out, and it could be a matter of time before their share prices take off.

BCE Inc. (TSX:BCE)(NYSE:BCE) is one of the safest, most stable stocks that you can find on the TSX, so when it's on sale, it's a great time to buy it. Currently, the share price is a little more than a dollar up from its 52-week low, as it continues to struggle to gain much momentum this year. So far in 2018, the stock has declined 10%, and even though it had a strong quarter recently, that hasn't been enough to turn the tide just yet.

However, the stock has found some sort of stability, as in the past month returns have been flat, and it could be on the verge of breaking out. The one nice benefit of the drop in price is that BCE now pays investors a yield of 5.6%, making it a great long-term buy for a stock that has grown its payouts over the years.

BCE is a well-diversified stock and has lots of avenues where it can grow. Although it may not be generating tremendous growth, its sales have increased 11% since 2013, and the company has averaged an impressive 12% profit margin over the past five years.

RioCan Real Estate Investment Trust (TSX:REI.UN) is another stock that is near its 52-week low, trading less than a dollar above it. In the past 12 months, RioCan's share price has declined 8%, although in the past month it is up 1%, as it too looks to finally be seeing some positive results. Investors have been bearish on REITs lately, as rising interest rates mean higher interest costs for companies that carry high amounts of debt.

It also doesn't help that shopping centres leave many REITs exposed to the risk that we'll see more vacancies as stores continue to struggle to stay afloat, as many have closed up shop and many malls have struggled to fill those voids. Although RioCan hasn't been hit hard by those departures, as its sales have remained north of $1.1 billion in each of the past two years, it has a plan in place to minimize its exposure to the growing risk that is retail.

The stock pays investors a strong 6% dividend, which is paid out in monthly installments, making it an appealing long-term buy. RioCan's stock is also a great value, as the shares trade near book value and are currently priced at just 11 times earnings.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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