3 Cheap Dividend Stocks for TFSA Investors

Description

Two of the most popular investment strategies among Canadians today involve value stocks and dividend stocks. Going through valuation ratios and dividend yields, we can see that there are quite a few stocks on the TSX index that offer both. Here are three of the very best in terms of value for money and regular payments to shareholders.

Transcontinental Inc. (TSX:TCL.A)

It's interesting that two of the top value dividend stocks today are consumer cyclicals. Transcontinental is a giant of the publishing sector, currently making some tidy profits from the flexible packaging and print markets.

Currently changing hands for less than half its future cash flow value, Transcontinental is a great value stock today. This is backed up by a nice-looking set of value multiples. A low P/E of 9.3 times earnings beats the sector and the TSX index, while a P/B of 1.8 times book further shows what good value Transcontinental is today.

A rather small expected annual growth in earnings of 3.1% makes for an unusable PEG ratio, but value is well illustrated without it here. Throw in a 2.79% dividend yield, and you have a stock well worth buying and holding in your TFSA or RRIP.

Laurentian Bank of Canada (TSX:LB)

A major financial services stock, Laurentian Bank provides services and products to customers across Canada and the U.S. with a focus on individuals, small to medium businesses, and financial advisors. Discounted by 28% compared to its future cash flow value, Laurentian Bank is looking very appealing today. Boasting a soothing P/E of 8.1 times earnings, PEG ratio of 0.8 times growth, and trading at a P/B of 0.9 times book, this stock is a strong buy.

A moderate expected 9.6% annual growth in earnings signals good things ahead, while a very tempting dividend yield of 5.6% should seal the deal for passive income investors.

Uni-Select Inc. (TSX:UNS)

The second consumer cyclical on today's list, Uni-Select is an auto stock. Active in Canada, the U.K., and the U.S., Uni-Select distributes paints, finishes, and other auto products.

Currently selling at a 35% discount compared to its future cash flow value, Uni-Select looks great on fundamentals; look at that P/E of 15.7 times earnings for starters. We can also see a PEG of 0.9 times growth and a pleasantly low P/B of 1.3 times book.

Uni-Select is one for growth investors, too, with a 17.2% expected annual growth in earnings over the next one to three years. A moderate dividend yield of 1.71% makes Uni-Select a good pick for your savings account or retirement fund.

The bottom line

The real shock here is that of the cheapest dividend stocks on the TSX not all are financials. Most investors might expect the best value dividend payers to be exclusively banking stocks, but of the three listed today only one is a financial entity: Laurentian Bank.

Together with Transcontinental, Laurentian Bank has a low level of liabilities: good to know if investors are concerned about an economic downturn. Transcontinental is an absolute steal at the moment, while Laurentian Bank has to be the overall top pick from the three for its mix of good value, growth, and tasty dividends.

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