TFSA/RRSP Investors: 3 Mispriced TSX Dividend Stocks for You to Back Up the Truck on

Description

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When it comes to your TFSA or RRSP, you should stick with Warren Buffett's traditional strategy of buying wonderful businesses that are priced at discounts to their intrinsic value.

Finding a mispriced stock whose market value is below its intrinsic value is typically a tough task when stocks are in favour with investors. After October's nasty correction and a brutal start to November, however, there's no shortage of great businesses that have been unfairly thrown into the bargain bin.

Consider **Industrial Alliance** (TSX:IAG), **Great-West Lifeco** (TSX:GWO), and **Shaw Communications** (TSX:SJR.B)(NYSE:SJR), three "Steady Eddie" dividend payers that have been badly battered over the past year due to a variety of reasons, none of which, I believe, warrants the damage that's already been done to each company's stock.

Let's have a brief look at each name, so you can determine which one is the most suitable for your registered investment portfolio.

Industrial Alliance

IA's 3.4% dividend yield is anything but impressive when you consider other Canadian insurance plays now have yields well north of the 4% mark. Before you write off the overlooked insurer though, you should know that the company is growing at a quicker rate than that of its more "bloated" peers in the space with 8.6% and 9.1% in revenue and net income growth, respectively, over the last five years.

Moreover, given the significant strides made by IA in its wealth management department, its higher degree of agility as a smaller domestic insurance player, and its double-digit dividend CAGR, I think IA's 0.5 P/S multiple is ridiculous considering it's nearly half of that of the industry average.

Great-West Lifeco

Here's another Canadian insurance play that's been badly bruised of late. In spite of the rising interest rate environment, which is a boon for insurers, Great-West, like IA, is the cheapest it's been in many years.

The domestic insurer has a bountiful dividend yield of 5.1%, on the high end of the spectrum for lifecos. At the time of writing, the stock trades at a 9.5 forward P/E, a 1.4 P/B, a 0.7 P/S, and a 4.2 P/CF, all of which are considerably lower than the company's five-year historical average multiples of 13.6, 1.9, 0.9, and 6.2, respectively.

Shaw Communications

Investors in the Big Three Canadian telecoms have had it good for quite some time now with colossal dividend yields to go with above-average amounts of capital appreciation. Now that Shaw has begun to pick up traction in Canada's wireless scene, the cartel days of the Big Three are soon going to be a thing of the past.

As 5G tech becomes the new norm, Shaw's going to get a fresh slate, and if you're buying into management's long-term goal of attaining an equal 25% share of the Canadian wireless market, there's no way that the stock should be trading at just 17.5 times forward earnings.

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The company has been a low-growth stalwart in the past, but it's about to get a huge growth boost over the next five years, and as the company begins aggressively poaching subscribers from the Big Three incumbents, we could see a fierce level of competition that'll rival that of the U.S. wireless market.

I'd grab Shaw today while it's still priced as a low-growth stalwart with its fat 4.8% dividend yield.

Foolish takeaway

Yes, all three value stocks mentioned in this article aren't the sexiest of growth names, but I believe they have just as much, if not more year-ahead upside, as they appear unsustainably oversold and due for a sizable upside correction.

If you could only buy one of the three stocks mentioned, I'd go with Shaw, as everybody on Bay Street is heavily discounting the company's long-term wireless growth plan.

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2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:IAG (iA Financial Corporation Inc.)
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