TFSA Investors: 3 Top Stocks at 52-Week Lows With Attractive Dividends

Description

The market correction might look a bit ugly, but it is actually giving dividend investors a chance to buy high-quality companies at the best prices of the year.

Let's take a look at three stocks that might be interesting picks for your TFSA today.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is trading below $108 per share compared to its 2018 high of $125. At the current price, the company can be purchased for 9.3 times trailing earnings, which is the level we would arguably expect to see during a financial crisis.

CIBC narrowly missed analyst earnings estimates when it reported fiscal Q4 2018 results, but the company is still making good money. Adjusted net income rose from $1.26 billion in Q4 2017 to $1.36 billion. Return on equity was a solid 16.4% and the bank remains well capitalized with a CET1 ratio of 11.4%.

The US$5 billion acquisition of Chicago-based PrivateBancorp last year is paying off with strong contributions to the bottom line while diversifying the revenue stream.

CIBC raised the quarterly dividend in August to $1.36 per share. The distribution should continue to grow and currently provides a yield of 5%.

Sun Life Financial (TSX:SLF)(NYSE:SLF)

Sun Life has insurance and wealth management operations in Canada, the United States, the UK, and Asia.

The Asia operations are the most interesting for investors, as the long-term growth opportunities are significant in the markets in which Sun Life has established a strong presence. This includes India and China, as well as Indonesia, Malaysia, Vietnam, and the Philippines.

As the middle class expands in these countries, Sun Life should see demand increase for its insurance and investment products.

The stock is trading at $46 per share compared to the 12-month high of $56. Management took important steps to remove risk from the business after the Great Recession. A steep drop in equity prices will still have an impact, but Sun Life in not headed for the same trouble it saw in the wake of the financial crisis.

The company has increased the dividend at a steady rate in the past few years, and additional gains should be on the way. The current yield is 4.3%.

Russel Metals (TSX:RUS)

Russel Metals operates metals service centres, steel distribution operations, and an energy division. The company has grown over the years through strategic acquisitions, and its broad reach across Canada and the United States has enabled it to navigate through the ongoing complexities in the steel sector quite well.

Revenue rose 34% in Q3 2018, compared to the same period last year. Net earnings doubled to $64 million and gross margins increased to 21% from 20% in Q3 2017.

The company maintained the dividend the last time the market went sour on the stock, and investors should see management hold the fort this time as well. The stock is down to $21.75 from a 2018 high above $32. This puts the dividend yield at 7%.

The bottom line

CIBC, Sun Life, and Russel Metals are all top-quality companies with attractive dividends that should be safe. If you have some cash on the sidelines and are willing to ride out a bit of market volatility, these companies could deliver impressive gains in the coming years.

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