
TFSA Dividend Investors: 3 Attractive Beaten-Up Stocks With 5% Yields

**Description**

The pullback in the stock market in the past two months is giving dividend investors an opportunity to buy top-quality companies at discounted prices. In some cases, dividend yields are at very attractive levels with strong distribution growth on the horizon.



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

## TransCanada (TSX:TRP)(NYSE:TRP)

TransCanada is trading at $53 per share. A year ago, investors paid close to $63 to buy the stock.

Broad-based selling across the energy infrastructure segment has hit a number of companies, and investors have no shortage of names to choose from when searching for attractive dividend picks. TransCanada, however, stands out due to the size of its development program.

The company has $36 billion in secured growth projects on the go and more on the drawing board. Given the size of the development "pipeline," the company might decide to take on partners, which could actually boost investor interest in the stock.

As it stands, TransCanada is targeting dividend growth of at least 8% per year through 2021, and that will likely be extended.

The current quarterly dividend of $0.69 per share provides a yield of 5.2%.

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

CIBC traded for $125 per share in late September. At the time of writing, investors can pick it up for $106.50. A general downtrend has hit the banks in the past two months, but CIBC took an extra knock after its fiscal Q4 earnings narrowly missed analyst expectations.

CIBC isn't without risk. The company is more exposed to a potential downturn in the Canadian housing market than its larger peers, and recent trouble in the energy sector might have some investors watching the company's energy loans for signs of trouble. However, CIBC has done a good job of diversifying the revenue stream over the past year with its acquisition of Chicago-based PrivateBancorp.

The U.S. operations contributed adjusted net income of $139 million in fiscal Q4. The company's total adjusted net income for the quarter was $1.36 billion.

CIBC is well capitalized with a CET1 ratio of 11.4%, so it should be able to ride out any challenging times that might be on the horizon.

With unemployment at lows not seen in decades, the economic outlook remains healthy in Canada and south of the border. Against this backdrop, the sell-off in the stock might be overdone.

CIBC's dividend provides a yield of 5.1%.

## Manulife Financial (TSX:MFC)(NYSE:MFC)

Manulife Financial had a rough ride during the Great Recession, and the stock has endured some ups and downs in recent years, but management has made good progress on its turnaround program.

The company reported Q3 2018 net income of $1.6 billion compared to $1.1 billion in Q3 2017. Core earnings growth in Asia, the United States, and global wealth and asset management operations led the way.



Efforts to optimize the portfolio have led to agreements that will release $3.4 billion of the $5 billion targeted by 2022. This includes three recently announced reinsurance transactions.

Overall, the company appears to be moving in the right direction and the board just increased the dividend by 14%. Investors who buy today can pick up a yield of 5%.

## The bottom line

TransCanada, CIBC, and Manulife all appear oversold right now and pay attractive dividends that should continue to grow.

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