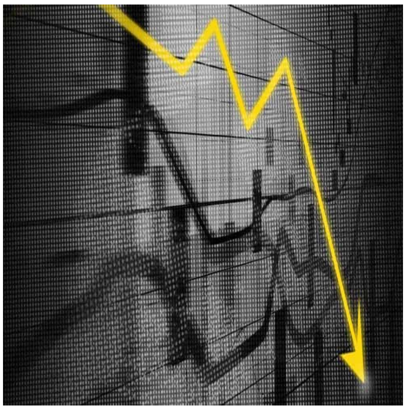

Buy These 3 Dividend Stocks Before the Market Turns Around

Description

The final three months of 2018 witnessed one of the longest corrections in years. Although we're seeing some early signs that the market is beginning to turn around, prices are still way down from their summer highs. Last year, the S&P/TSX Composite Index peaked at 16,561 points. As of this writing, the index was in the mid-14,000s, so it's still down about 11% from the top.

But buying opportunities like this don't last forever. If you want to buy great stocks on the dip, you have to act. And right now there are tonnes of Canadian dividend stocks trading at discounted prices, just begging for a place in your TFSA. One of the best is a bank stock that has taken a beating in the markets, despite steady growth and strong fundamentals.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Bank of Nova Scotia is the cheapest of Canada's Big Five banks. Its stock has been tanking since before the current correction began; over a five-year period, it has returned a mere 5.69%. As a result of this, the P/E ratio has fallen to a dirt-cheap 10. However, the company's earnings have grown at about 6% CAGR over five years, so the five-year return equals just one year of earnings growth. That combined with an impeccable balance sheet and an A+ credit rating from Standard & Poor's mean this stock is likely undervalued. The current price also enables you to lock in a solid 4.9% dividend yield, plus a likelihood of long-term dividend growth.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN is one of Canada's best-performing long-term stocks. According to Fool contributor Andrew Walker, a $10,000 investment in CN 20 years ago with dividends reinvested would be worth $200,000 today. And if you find that hard to believe, remember this company's stock has increased more than tenfold in price since 1999, while paying a dividend that has grown at 15% a year. Naysayers would argue that the company can't possibly keep this up in the future, but it's still growing earnings at 15-20% in most quarters. It's a rock-solid buy that now trades at just 11 times earnings.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

Last but not least, we have TD. Like CN, TD is a dividend grower, with the payout increasing 11% on average every year. This more than makes up for its "so-so" current yield of 3.95%. But, even more importantly, TD is a growing enterprise, with earnings growth averaging about 9-10% a year. Its U.S. Retail business grew at a massive 44% year over year in its most recent quarter; if that growth continues, it could eventually send bottom-line earnings growth higher as well.

TD also benefits from conservative lending rules that keep it from taking on too many risky loans, so it's not as vulnerable to crises as large American banks like **Bank of America**.

The current downturn has resulted in TD trading at just 11 times earnings, so now is a great time to pick up this boatload of value for a bargain price.

CATEGORY

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2. NYSE:CNI (Canadian National Railway Company)
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4. TSX:BNS (Bank Of Nova Scotia)
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