TFSA Investors: 2 Dividend Stocks Near Their 52-Week Lows Yielding More Than 4%

Description

When it comes to finding stocks to put into your TFSA, it's especially important to try and make the best selections possible. With a finite level of contribution room, you have to be selective in what you invest in. That's where selecting dividend stocks that have a lot of upside could offer the most opportunity to earn a good return. And inside of a TFSA, both capital appreciation and dividend income are non-taxable, on eligible investments.

Below are two stocks that could be great options to put into a TFSA. They are both trading near their 52-week lows and pay attractive yields of at least 4% per year.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a great option to start with because it will also add a lot of stability for your portfolio. As of the end of last week, it was less than $7 away from its low for the year. In the past 12 months, the stock has fallen by 8% and bank stocks as a whole did not have a great year in 2018. However, that just means there's a lot more upside for 2019, as banks will benefit from higher spreads on interest rates and an economy that continues to perform well.

Overall, investing in RBC is a safe option. During the past four quarters, the bank stock has generated at least $3 billion in net income. Its per-share earnings have grown, but a declining price means that it is trading at a lower price-to-earnings (P/E) multiple than in the past, which means it could be due for a rally. With a P/E of less than 12 and a price-to-book (P/B) ratio of less than two, RBC is a very good value buy that you don't have to think twice about.

Not only does the stock look destined to rise this year, but with a rising dividend, you'll also be well compensated for hanging onto it. At a quarterly payment of $0.98, investors will be earning a solid 4% per year. And that's likely to grow with time as it's not uncommon for the bank stock to raise its payouts multiple times during the year.

NFI Group (TSX:NFI) is another stock that would look great in your portfolio. With a yield of around 4.4%, it's a bit higher than what RBC pays today. While it may not hike its dividend as often as the big bank does, its payouts have grown over the years as well. In less than three years, NFI's quarterly dividend payments have more than doubled, rising from $0.175 to $0.375, for an increase of 114%.

That doesn't mean NFI will continue to grow as rapidly, but it's a good sign that the company is committed to growing payouts for its shareholders. The bus manufacturer has a lot of growth opportunities, as you only need to look at rising populations to see that more public transportation will be needed in the years to come. And at a P/E multiple of 11 and a P/B ratio of less than three, it's another good value buy with plenty of upside.

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