4 Healthy TSX Index Dividend Stocks for a Low-Risk Investor

Description

With personal mobility stock **Savaria** (TSX:SIS) down 10.98% in the last five days at the time of writing, let's see whether this otherwise healthy TSX index ticker is worth buying on the dip, along with three other Canadian stocks with strong all-round statistics and sturdy balance sheets.

Savaria

One of the top medical aid picks on the TSX index, Savaria is also one of the strongest all-rounders for a long-term investor. Specializing in personal mobility units, Savaria saw a positive one-year past earnings growth of 44.9% that's more or less in line with its usual trajectory, as per a five-year average growth rate of 31.5%.

However, as Savaria insiders have only sold shares in the last three months, should investors buy into an overvalued stock with a P/E of 26.1 times earnings and P/B of three times book? Given its solid market share, a moderate dividend yield of 3.23%, and a decent 29.9% expected annual growth in earnings, there are at least three reasons why it might be a smart idea.

Manulife Financial (TSX:MFC)

Up 6.01% in the last five days and yet still deeply undervalued, with a discount of 46% against the future cash flow value, this stock is looking like a strong buy. With a market-beating P/E ratio of 9.6 times earnings and trading at book price, Manulife Financial is indeed something of a value investor's dream right now – especially if that dream involves a 4.48% dividend yield and an 11.9% expected annual growth in earnings (which isn't bad for a financials stock).

With more shares in Manulife Financial having been picked up than shed by insiders over the last three months in significant volumes, and with a one-year past earnings growth rate of 138.1% beating a slightly negative five-year average, it's a solid stock on a tear.

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

Long-term buyers looking for a healthy TSX index stock have a solid contender here – a banker with a hearty balance sheet in common with the rest of the Big Six. More shares have been bought than sold by CIBC insiders over the last few months, and with a 1.38% gain in the last five days, it's a popular choice.

In terms of profitability, a one-year past growth of 11.4% just edges past its five-year average of 10.8%, beating the Canadian banking averages for both periods (both of which are below 10%). CIBC is also decently valued, with a P/E of 9.8 times earnings and market-weight P/B. A dividend yield of 4.76% matched with a 3.8% expected annual growth in earnings provides the clincher.

TFI International (TSX:TFI)

Gaining 4.13% in the last five days, this trucking and transport ticker is a favourite of the TSX index, still coasting along on an impressive one-year earnings growth of 298.5% that leaves even its own five-year average of 23.4% in the dust.

While it carries debt of 96.2% of net worth, that debt is well-covered and represents a reduction over the last five years. Meanwhile, though a P/B of 2.3 times book is above the TSX index average, its P/E of 10.7 times earnings dovetails well with a moderate dividend yield of 2.37% and 5.4% expected annual growth in earnings.

The bottom line

A niche stock, Savaria is a possible value opportunity with its sturdy position in the personal mobility industry, and is also geographically diversified. While CIBC shines in terms of value and dividend, its outlook isn't spectacularly positive, though it has this in common with the majority of other Canadian bankers. Manulife Financial looks like another strong buy, while TFI International would add diversification to an energy- and financials-heavy dividends portfolio.

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