TFSA Investors: 3 Dividend Stocks on Sale Yielding up to 6%

Description

If you've got a TFSA, you know how valuable a good dividend stock is. And when a dividend stock has dropped in value, that means that its yield has increased, making it a more attractive buy since its yield is higher. Below are three stocks that have declined recently and that could be good buys today.

Reitmans (Canada) (TSX:RET.A) has been down around 15% since the start of the year and is trading well below its book value at a multiple of just 0.6 times its stated value. The stock looks to be a great value buy on paper, trading at only 16 times its earnings. However, with investors being down on retail stocks, it might not be a big surprise that it hasn't performed very well lately.

The big catalyst was the company's December sales, which it reported on in early January. In the report, Reitmans said that its same-store sales were down 4.6% year over year, and that's a concern as retailers often rely on a big holiday season to boost their annual performance. However, in three of the past five years, Reitmans has turned a profit and its revenues have proven to be consistent, with only minor fluctuations along the way.

Currently, the stock pays investors a dividend yield of around 6% thanks to the drop in price. With the stock trading near its 52-week low, it could have a lot of upside if it's able to bounce back with a good quarter.

Husky Energy (TSX:HSE) is another stock that's been trading at a discount at a price-to-book multiple of just 0.7. Year to date, Husky's stock has declined by 4% and over the past 12 months, it has lost more than a quarter of its value.

While investors might be concerned about investing in oil and gas given the volatility and risk involved, Husky has proven to be stable, generating a profit in each of the past four quarters and with sales north of $5 billion in each one of those quarters as well. And in all but one of the past five quarters has free cash flow been negative.

Currently, Husky pays investors a dividend of 3.7%. The company had cut its dividend in the past, but it did bump it back up last year — a good sign that prospects have improved for Husky.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) isn't trading below book value, but with the stock down 10% in the past 12 months, it's a great opportunity to lock in a good yield for one of the Big Five banks. Scotiabank is a bit more diversified than its peers, with a strong presence in Latin America, and it can help investors lessen their exposure to domestic markets.

The company recently increased its dividend and now pays shareholders a yield of 4.9%, which is a very high payout for a bank stock. Not only can investors secure a good yield, but payouts are likely to rise as well. In five years, Scotiabank's quarterly dividend payments have risen by 36% for a compounded annual growth rate of 6.3%.

Long term, Scotiabank is a great buy, regardless of any short-term risks that bank stocks might be facing today.

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