TFSA Investors: 3 Cheap Dividend Stocks Paying up to 9%

Description

For TFSA investors, dividend stocks can be a great way to accumulate wealth over the long term. And stocks that are relatively low in value and that pay a good dividend can give investors the best of both worlds: capital appreciation and recurring cash flow. Below are three stocks that fit that criteria and that could be good investment options today.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is always an appealing investment, and even more so today. The stock is far below where I'd expect it to be given its earnings, as it's clearly having an off year. Over the past 12 months, TD's stock hasn't been able to outperform the TSX, as its returns have been flat, and that's normally not the case. If we look at a window of two years, then TD's returns of 17% are far and away higher than the 8% that the TSX has risen by. And if we stretch that to five years, the disparity rises even more at 39% compared to 5%.

TD is due for a strong rally, as investors are likely too apprehensive on concerns about the housing market and whether we're due for a recession. However, in its most recent quarterly results, the stock did just fine. Currently, TD is paying investors a dividend yield of around 3.9%, which is higher than normal for the stock. With lots of upside left, TD's stock could be a steal of a deal at its current price.

Medical Facilities (TSX:DR) went over a cliff in May when the company released its quarterly results, which showed income from operations declining by more than 27% from the prior year. And with sales growth of just 1.5%, investors were clearly worried that the company was not headed in a good direction. However, Medical Facilities noted that there's often a lot of variation in its payors and case mix that can have a big impact on its results, which is what happened last quarter.

It was not a typical performance for the company. During the four prior periods it posted a profit each time. It may be a bit of an overreaction from investors, but the good news is that at near its 52-week low, Medical Facilities could be a bargain buy. With a lower share price, investors can earn a yield of more than 9% from its dividend payments.

Husky Energy (TSX:HSE) might be the cheapest option listed here. Trading well below its book value and a price-to-earnings ratio of just eight, investors that are willing to take on some risk could take advantage of another stock trading at around its 52-week low. Despite the challenges in the industry, Husky has had no trouble posting a profit over the past year and with $270 million in free cash flow generated, it looks to be in good shape financially.

In just one year, the stock has plummeted nearly 40% in value. However, that's also because its share price got a boost when it was looking to acquire **MEG Energy**, and when that deal fell through, the stock got hammered. Currently, Husky is paying its shareholders a dividend yield of over 4% per year, and there's a good opportunity to lock in a good dividend as well as a stock that looks to be heavily undervalued and with a lot of room to rise.

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1. Dividend Stocks
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1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:DR (Medical Facilities Corporation)
3. TSX:TD (The Toronto-Dominion Bank)

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