2 Damaged Dividend Stocks for TFSA Income Investors to Buy and Hold Forever

Description

Not only are these two stocks trading near their 52-week lows — and even, in one case, a five-year low — but they also belong to companies with great track records of returning cash to shareholders.

If that alone isn't enough to start getting Foolish readers excited, then, frankly, I'm not sure what will.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) shares are just a few dollars off their 52-week lows, as the company has struggled to keep up with its Canadian banking peers over the past several months.

CM stock fell sharply in May after it missed analyst estimates by a penny.

One of the weaknesses in CM as an investment is its reliance on the Canadian consumer banking and small business market, which, if the economy were to take a turn for the worse could end up bearing the brunt of the pain.

In an effort to combat the risk that could happen, the bank has already engaged itself in cost-reduction efforts that it hopes can bring its efficiency ratio closer to being in line with peers.

Meanwhile, CIBC's biggest strength would have to be its 5.42% annual dividend yield.

While I like what rival firm **Bank of Nova Scotia** has been doing as of late, if I were to evaluate Canada's banking stocks based purely on their respective dividends, I would have to give the nod to Canadian Imperial Bank of Commerce here.

Income investors and retirees likewise will have to respect the strength of its dividend. And with an increasingly aging population that's going to be reliant on investment income to satisfy their household expenses, this could serve to act as a floor for CIBC's share price.

Molson Coors Canada (TSX:TPX.B)(NYSE:TAP) made a big announcement last week when it announced plans to raise its quarterly dividend by 39%, beginning with the September payout scheduled for the company's shareholders of record on August 30, 2019.

Despite stagnating domestic beer sales that have plagued much of the beer sector in general over the past couple of years, TPX has been able to maintain a conservative dividend-payout ratio throughout, thanks to astute capital management on the part of its executive leadership team.

Following last week's announcement, Molson's payout ratio will still rest at less than 50% of its trailing 12-month earnings while still managing to pay to shareholders a respectable 4.1% expected annual return, not including capital gains, of course.

Shares slumped by -10% following Wednesday's second-quarter earnings report, yet management's assertion that it will still be able to deliver somewhere in the neighborhood of $1.4 billion in free cash flow this year continues to make this a strong buy for me.

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TAP (Molson Coors Beverage Company)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:TPX.B (Molson Coors Canada Inc.)

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Author
jphillips