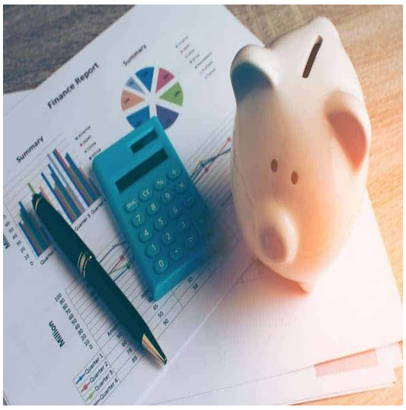

1 Bargain Dividend Payer to Boost Your TFSA

### Description

Tax-Free Savings Account (TFSA) investors should take note of **Transcontinental** (TSX:TCL.A)( TSX:TCL.B). The stock issues close to a 6% dividend yield at the current stock price of under $16.



Granted, Transcontinental lost 50% of its market value in the past year, but the stock was merely experiencing a downward correction from a bubble, which hit its peak in August 2018. Now that the price has normalized at below $16 per share, TFSA investors should consider taking advantage of the high-dividend yield of this profitable stock on the Toronto Stock Exchange.

Here are some factors to consider before committing to the investment.

## Low institutional ownership

The general public owns the majority of Transcontinental stock at just under 50% of the shares. Meanwhile, institutional investors own about 40% of the stock. There may be some benefits and drawbacks to this ownership structure.

For one, institutional investors should have more comprehensive information about the true value of a stock then the general public. Thus, low institutional ownership may indicate that the stock is not the best investment.

However, high public ownership means that the company has received decent reviews from ordinary investors like aspiring retirees. These ordinary investors give a vote of confidence to the organization's leaders.

## Low volume

Volume is an indication of price change. When a stock price is moving in either a positive or negative direction, the volume will increase. Low volume means that the stock price may be reasonably stable. Stable stock prices are great for TFSA investors who prioritize liquidity.

Transcontinental is a large company with a market cap greater than $1 billion and earnings per share (EPS) between $1 to $2 annually. The stock trades at an average volume of just under 300,000 shares per day.

TSX stocks with a market capitalization of under $2 billion and EPS between $1 to $2 per year usually have an average volume of around 60,000 shares per day. Therefore, Transcontinental's volume is healthy and active compared to its peers.

Relative to top TSX stocks, however, Transcontinental's volume is rather low. To put this low level of volume into perspective, top TSX stocks often trade at quantities of over 84 million shares per day.

## Transcontinental's focus on manufacturing

Printing is "out" for Transcontinental and production of packaging is "in." The company is transitioning from printing services to manufacturing flexible packaging, including plastic rollstock and shrink films.



In 2018, Transcontinental acquired the packaging company, Coveris Americas. Since then, the company has been focusing on improving its profit margins. It is still too early in the transition to determine how packaging will genuinely affect the company's bottom line, but one thing is sure: this global business is on its way up.

## Foolish takeaway

TFSA investors should take into account several factors before deciding to invest in a stock. Volume and institutional ownership are two measures of a stock's popularity and attractiveness. But even low institutional ownership and volume are not substantial reasons to avoid a stock.

There are benefits and drawbacks to every ownership structure, and low volume can be a positive sign in a bear market selloff. Overall, Transcontinental is a profitable company with a spectacular dividend yield. Despite the risks, TFSA investors should undoubtedly consider adding the stock to their portfolio.

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