TFSA Value: 3 Dividend Stocks I'd Buy Right Now

Description

Growth is out. Value is in.

If you're one of the investors who's flocking out of soured growth plays, here are three cheap safe havens that'll stand to rally as investors begin to care more about valuation and not overpaying for years' worth of future growth upfront.

Without further ado, here are the stocks I'd buy today:

IA Financial

IA Financial (TSX:IAG) is an underrated life and health insurer that's been making a big splash in wealth management in recent years. The stock has on an incredible run, with shares up an astounding 33% year to date.

Despite the impressive rally, the stock remains dirt cheap at just 9.1 times next year's expected earnings, 0.47 times sales, and 1.2 times book value. While cheap, the stock doesn't have the most generous dividend as far as financials are concerned with a yield of just 3.1% at the time of writing.

Management is known to be ultra-conservative, which is a massive reason why IA managed to recover from the Financial Crisis, unlike some of its peers.

Inter Pipeline

Inter Pipeline (TSX:IPL) stock is up 26% since I named it my Top Stock for July. Like IA Financial, Inter Pipeline is still cheap and has much more upside.

The stock trades at a modest 14.15 times EV/EBITDA alongside a bountiful 6.8% dividend yield. With cash-flow-generating projects poised to come online over the next few years, like the Heartland Complex, the company and its dividend are more stable than most investors have been giving it credit for.

Cash flows will likely be quite flat in the meantime, however, so patience is vital in order to do well with the name.

Sure, pipeline stocks have been difficult to own in the challenging oil and gas environment, but if you've got the patience, they can be very rewarding to own, especially if you're content enough with the dividend to not keep having to check up on your principal every week.

NFI Group

Finally, we have **NFI Group** (TSX:NFI), a battered bus manufacturer that's begun to bounce after a suffering a severe and exaggerated tailspin over weaker-than-expected bus deliveries and orders.

Last month, I noted that NFI was an undervalued stock that was ready to correct to the upside. Now that shares are up over 20% since the piece was published, the opportunity to lock in a 6.3% yield has now passed, but shares are still cheap, and the 5.5% yield is still well above average.

Management sees deliveries and orders picking up in the second half of the year, but even if it doesn't as some analysts believe, the company still has a very low bar to pass, and with that comes a nice margin of safety.

The stock trades at 9.6 times forward earnings and 0.58 times sales, both of which are still well below five-year historical averages.

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TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)
2. TSX:NFI (NFI Group)

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