TFSA Investors: 3 Blue Chip Dividend Stocks You Can Buy on Sale!

Description

The recent manufacturing-report-driven sell-off has given way to another opportunity for value-conscious investors to get quality dividend stocks for cheap. Without further ado, here are three battered dividend stocks with more fruitful yields and ridiculously low prices of admission:

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) stock plunged over 6% in the two days following the announcement that **Charles Schwab** will be ditching trade commissions.

TD Ameritrade, a broker that TD Bank owns a big chunk of, plunged nearly 30% in the two days the followed. And with still a bit of confusion as to how TD Bank stock should react in response to TD Ameritrade's cutting of commission to $0, it may be time to initiate a contrarian position, as the stock takes a breather after the broader rally in bank stocks.

TD Bank has a 4% yield and is still the same conservative bank it was last week with continuing solid loan book that'll be minimally affected as credit normalizes. And as TD Ameritrade shakes up its business model, I suspect investors will kick themselves for dumping TD stock on news that shouldn't have been as material.

NFI Group

NFI Group (TSX:NFI) is a bus maker with a massive 6.5% yield. A few operational hiccups and unfavourable economic conditions have caused falling deliveries and new orders.

With a recession partially baked into the share price already, income investors have a chance to lock-in a higher-than-average yield to go with substantial capital gains, as NFI expects deliveries to make up for lost time in the second half.

While you usually wouldn't want to own a discretionary play like NFI, as it endures company-specific issues, I'd say the valuation at today's levels is too good to pass on. The company's baggage is well worth the depressed price of admission.

NFI trades at 10.3 times EV/EBITDA and 8.7 times next year's expected earnings. If management's second-half delivery pick-up comes to fruition, the stock could correct sharply to the upside.

Canadian National Railway

Finally, we have **Canadian National Railway** (TSX:CNR)(NYSE:CNI), the dividend aristocrat that's usually always a good buy on the dip. With shares now down 6% for the week on the CFO's warning of a softening economy, now represents one of the best times to be a buyer.

Word of the sluggish economy is nothing new, yet the market has punished CN Rail stock as though it had already pulled the curtain on some weak results.

Sure, freight volumes may be weaker over the near term, but as we witnessed in the first half of the year, CN Rail will not be kept down for very long. As North America's most efficient railway, CN Rail will always find a way to outperform its peers in the space in good times and bad.

With a dividend yield that's closing in on the 2% mark, I'd back up the truck today now that the bar has been lowered substantially. Given CN Rail's history of surprising to the upside, the risk/reward looks stellar at this juncture.

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Date
2025/08/24
Date Created
2019/10/05
Author
joefrenette