Alert! 3 Cheap Dividend Stocks for Your TFSA

Description

The S&P/TSX Composite Index has taken a dip in the early fall, as investors brace for the results of the 2019 federal election. With the TSX taking a breather, investors should look to spot discounts. A bargain pick can allow investors to reap the rewards in their TFSA — better yet if that buy-low opportunity boasts some additional income. Today, I want to look at three dividend stocks that looks like potential bargains in the middle of October.

Ag Growth International

Ag Growth International (TSX:AFN) is a Winnipeg-based company that operates in the agricultural sector. Poor weather in North America, particularly in the Midwestern United States, has generated some headwinds for the agricultural industry. Shares of Ag Growth have dropped 24% over the past three months as of close on October 15. However, there are good reasons to jump on the stock price today.

The company has a solid second quarter considering the headwinds in the sector. Trade sales rose to $293 million compared to $262 million in the prior year and adjusted EBITDA hit $51 million over $49 million in Q2 2018. Demand for portable farm equipment in the United States was strong, and sales of commercial equipment in Canada were very strong. This was primarily due to continued investment in grain-handling infrastructure.

Shares of Ag Growth possess a price-to-earnings ratio of 16.8 and a price-to-book value of 1.8. The stock last had an RSI of 38, putting it just outside technically oversold territory. Ag Growth offers a monthly dividend payout of $0.2 per share, which represents a tasty 6% yield.

Linamar

Linamar (TSX:LNR) is the second-largest automobile parts manufacturer in Canada. Shares have dropped 7.5% in 2019 so far. When this year started, I'd warned investors about the troubling state of the auto market. However, there is reason for optimism at Linamar, as we look ahead to 2020.

The company reported strong content per vehicle growth in North America and Europe in the second quarter of 2019. Linamar managed to outperform the broader market, although sales were still down 3.3% from the prior year. Most encouraging for income investors, Linamar reported free cash flow of $179 million. The company projected that it would return to EBITDA growth in the back half of this fiscal year.

Shares of Linamar boast a favourable P/E ratio of 5.2 and a P/B value of 0.7. However, the stock offers a quarterly dividend of $0.12 per share. This represents a modest 1.1% yield.

Mullen Group

Mullen Group (TSX:MTL) provides trucking and logistics services to the North American oil and gas industry. Shares have dropped 32.8% in 2019 so far. The company is expected to release its third-quarter 2019 results on October 23.

In the second quarter, Mullen Group reported revenue of $319 million, which was up 7.9% from the prior year. Acquisitions accounted for $28.4 million in incremental revenue as the company reported consolidated operating income of $51.4 million. This was up $7.1 million year over year. Exposure to the energy industry has hurt Mullen Group stock, but its aggressive acquisition strategy has consistently paid off in the second half of this decade. This is a transportation giant with a strong footprint across the continent.

The stock possesses a favourable P/E ratio of 14.9 and a P/B value of 0.8. Shares had an RSI of 22 as of close on October 15, putting Mullen Group in technically oversold territory. Mullen Group also offers a monthly dividend of $0.05 per share, representing an attractive 7.7% yield.

CATEGORY

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TICKERS GLOBAL

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2. TSX:LNR (Linamar Corporation)
3. TSX:MTL (Mullen Group Ltd.)

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