TFSA Investors: 3 Dividend Stocks Trading Below Book Value Yielding up to 5.5%

Description

A great way to maximize the tax-free income that you make inside a TFSA is to hold dividend stocks that have a lot of potential for capital appreciation. Stocks that are trading below value, in particular, could be good options to invest in, as there could be a lot of room to rise in value. Below are three stocks that fit that could be bargain buys today.

Corus Entertainment (TSX:CJR.B) is trading at around just 0.7 times its book value, and the stock has been heavily discounted for a long time. Down more than 50% over the past two years, it's been a challenge for the company, as a lack of revenue growth has made investors hesitant to buy shares of Corus. Things got so bad that the company ended up having to slash its dividend payments.

However, with a more modest yield of 4.3%, and with the company generating significant free cash flow, it's in a much stronger position today with respect to its payouts. The stock had been showing some strong signs of life this past year, but, unfortunately, with **Shaw Communications** pulling out its shares in the company, it let the air out of tires and sent Corus stock into a tailspin that it hasn't yet recovered from. But with the media company recently securing a deal with **Amazon**, there's potential for there to be a lot more growth in the cards in the coming quarters.

Husky Energy (TSX:HSE) is another long-term project that investors will have to be patient with. At around 0.5 times its book value, the stock is an even more discounted buy for investors. The reason for its low stock price, however, is that it's in oil and gas, where there's risk surrounding a low price of oil, and the industry as a whole in Canada is facing numerous challenges that have kept investors away from the industry.

Husky has posted a profit each of its past four quarters. There's been a lot more stability in its performance of late that should give investors a bit more confidence in the stock. With dividend payments of 4.9%, it could also be a great source of income for investors. While there's certainly some risk investing in the company today, there could also be a lot of potential upside should things in the industry turn around.

RioCan Real Estate Investment Trust (TSX:REI.UN) may be one of the better buys on the TSX. The stock is currently trading right around its book value, and there's definitely still a lot of potential for it to rise given the strong stability and diversification that it can offer investors. Although real estate investment trusts typically don't trade at big multiples, RioCan is certainly worth more than just its book value. The company hasn't had an issue posting a profit, it's continued to grow its sales, and it isn't at the mercy of a commodity either.

And to top it off, its dividend is currently yielding 5.5%, making for an excellent monthly payout that income investors can rely on. While the stock has risen more than 10% year to date, over the past five years, it has actually declined by the same amount. With a solid portfolio of properties and the company showing strong growth over the years, RioCan could be a great long-term hold for any TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/22
Date Created
2019/11/15
Author
djagielski