Income Investors: 3 Cheap TSX Dividend Stocks for Your TFSA

Description

The recent market crash driven by the coronavirus outbreak has had investors worried. The pullback has driven stocks lower, which has meant dividend yields have moved higher, making them attractive for income investors.

Here we look at three Canadian dividend stocks that are trading at a cheap valuation, which means investors may benefit from capital appreciation as well.

Fiera Capital has a dividend yield of 7.9%

Fiera Capital Corp (TSX:FSZ) is a Canada-based investment advisory company. It provides services to institutional, private wealth and retail investors and is the third-largest independent asset management company in Canada with $169.7 billion worth of AUM (assets under management). Fiera provides investors with multi-asset solutions across several asset classes.

Analysts expect company sales to rise from $540 million in 2018 to $774 million in 2021. Its earnings are estimated to grow at an annual rate of 15.3% in the next five years.

Fiera Capital has a market cap of $1.13 billion and is trading at a price-to-sales ratio of 1.7. The stock is trading at a forward price-to-earnings multiple of just 7.1, an absolute bargain given its tasty dividend yield of 7.9%.

Fiera is one of the most undervalued stocks on the **TSX**. Analysts covering Fiera have a 12-month average target price of $13.83, which is 30% above its current trading price.

Alaris Royalty has a dividend yield of 9.1%

Alaris Royalty (TSX:AD) is a Canada-based private equity giant with a market cap of $629 million. It provides equity capital to steady growth companies with a medium- to long-term horizon.

The stock is trading 26% below its 52-week high and has underperformed the broader markets in the last year. This has increased the forward dividend yield to a mouth-watering 9.14%. An investment of $10,000 in Alaris will result in annual dividend payments of $914.

Investment companies such as Alaris and Fiera are bound to move lower in a sell-off as investors liquidate their funds given the economic uncertainties and fluctuations. Investors move their capital to safer havens such as bonds in a downturn.

Alaris stock has a forward price-to-earnings multiple of 9.4, and analysts expect its five-year earnings growth at a healthy 8%. The analysts tracking Alaris Royalty stock have a 12-month average target price of $22.12, which is 29% above the current trading price.

Great-West Lifeco is trading at a discount of 16%

Great-West Lifeco (TSX:GWO) is one of Canada's largest insurance companies with a market cap of $28 billion, GWO has 31 million customers and AUM of $1.6 trillion. The company has a diversified business across life insurance, health insurance, retirement savings, asset management, and reinsurance businesses.

In the last 12 months, company shares have returned -0.2% compared to the **S&P 500** gains of 13%. The stock is trading at a forward price-to-earnings multiple of 9.4, and analysts expect earnings to grow at an annual rate of 8.3% in the next five years.

After accounting for its dividend yield of 5.8%, we can see that Great-West has significant upside potential given the cheap valuation.

Last year, Great-West sold off some assets and used this capital to repurchase shares, further increasing shareholder wealth.

Analysts tracking Great-West have a 12-month average target price of $34.91 which is 16% above the current trading price.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:FSZ (Fiera Capital Corporation)
3. TSX:GWO (Great-West Lifeco Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2020/03/06
Author
araghunath