TFSA Investors: 2 Discounted Dividend Stocks Yielding up to 8.4%

Description

TFSA investors need to remember to look for opportunities during this bleak time. The market has bounced back nicely in April from a bloodbath in March, but risks still abound in this economy. Some of Canada's strongest sectors entering 2020 have virtually ground to a halt due to government-mandated measures to slow the spread of COVID-19. Earlier this month, I'd explained why investors should look to mimic legends like Warren Buffett during periods of market volatility.

This is especially true for TFSA investors. History tells us that the rewards can be great for those who make timely trades. The TSX has rebounded, but there are still many discounted stocks available. More patient investors may want to explore dollar-cost averaging, as market volatility may storm back if the current lockdowns drag into the summer.

Today, I want to look at two dividend stocks that are worth targeting in your TFSA. Let's dive in.

One housing dividend stock for TFSA investors

Housing looked like it was ready to go on another tear entering 2020. Sales and prices were soaring in major metropolitan areas, and this spring was gearing up to be a lucrative one. However, the COVID-19 outbreak has cast a cloud over Canadian real estate. Open houses have been largely discontinued, and the typically busy spring season may be historically dry.

Still, I'm bullish on **Equitable Group** (TSX:EQB) as a long-term hold. It's one of Canada's top alternative lenders. Its stock was down 25% month over month as of close on April 8. However, shares rose 10.27% on the same day. Equitable Group managed to cobble together a great performance in a slow 2018. In 2019, the company churned out record results.

The COVID-19 pandemic is unquestionably disruptive, but it will not change the fundamentals that define Canada's housing market. Low supply and healthy demand will continue to hold prices firm, and when normalcy returns, investors should expect real estate activity to come back strong.

Equitable Group is still trading at the low end of its 52-week range. The stock possesses a favourable price-to-earnings (P/E) ratio of 5.2 and a price-to-book (P/B) value of 0.7. I'm still bullish on Canadian real estate to start the 2020s, which is why I still like Equitable Group stock today.

TFSA income: A high-yield dividend stock in construction

Construction has stayed on the list of essential services in Ontario. This is especially true for projects associated with the healthcare sector. Because of this, the construction sector is still a worthy target for TFSA investors today.

Bird Construction (TSX:BDT) stock has dropped 32% over the past three months as of close on April 8. The company released its fourth-quarter and full-year 2019 results on March 10. In 2019, Bird recorded net income of $9.5 million compared with a net loss of $1 million in the prior year. Construction revenue rose to $1.37 billion — down from $1.38 billion in 2018. Adjusted EBITDA surged 196% year over year to $10.9 million.

There is a lot to like for value and income investors at Bird Construction. The company greatly improved its earnings in 2019, and it still boasts high-growth potential. Bird last declared a monthly dividend of $0.0325 per share, which represents a monster 8.4% yield. Now is a great time to jump on this discounted construction stock.

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2. TSX:EQB (EQB)

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