TFSA Investors: 2 Dirt-Cheap Dividend Stocks to Buy Now

Description

In the first week of July, I'd looked at three top dividend all-star stocks. The only thing better than a top dividend stock is one stashed in your Tax-Free Savings Account (TFSA). That way, TFSA investors can take advantage of capital growth and consistent income while paying no tax. Today, I want to look at two dividend stocks that are still discounted in this hot market.

One super discounted dividend stock for TFSA investors

Bank stocks have been a tough hold for investors in 2020. The COVID-19 pandemic has had a broad and devastating impact on the domestic and global economy. This has thrust banks into turmoil. Fortunately, Canada's reopening has gone relatively smoothly, and the worst appears to be behind Canada's top financial institutions.

Canadian Western Bank (TSX:CWB) is one of my top dividend stocks to stash in a TFSA right now. Its shares have dropped 26% so far this year as of close on July 14. However, the stock is up 12% over the past three months.

In Q2 2020, Canadian Western saw adjusted earnings per share fall 19% year over year to $0.60. Meanwhile, total revenue increased 2% from the prior year to $214 million. Its operational push into eastern Canada has yielded positive results so far. The loan portfolio rose to $29.2 billion, powered by 10% growth in Ontario and 7% loan growth overall. Moreover, branch-raised deposits increased 20% to $15.2 billion. Canadian Western also possesses an excellent balance sheet.

Shares of this top dividend stock last had a price-to-earnings (P/E) ratio of 7.6 and a price-to-book (P/B) value of 0.7. This puts Canadian Western in attractive value territory. Better yet, Canadian Western increased its quarterly dividend to $0.29 per share. This represents a strong 5% yield. TFSA investors should look to snag this discounted dividend stock in the middle of July.

Why this stock should be on your radar right now

Finning International (TSX:FTT) is engaged in the selling, servicing, and renting of heavy equipment and power and energy systems in Canada and around the world. Its shares have dropped 23% in 2020 so far. The stock has increased 27% over a three-month span as of close on July 14.

The company released its first-quarter 2020 results on May 4. Finning managed to put together a solid quarter in the face of a devastating global pandemic. Revenue fell from the prior year, but EBITDA still rose 5% to $170 million, and earnings per share climbed 9% to $0.33. Its Canadian operations were boosted by a reduced cost base as well as resilient product support volumes.

I'd suggested that investors should look to pick up Finning back in February. Finning stock looks like an even better bet for your TFSA right now. The dividend stock last had a favourable P/E ratio of 11 and a P/B value of 1.3. In Q1 2020, the board of directors approved a quarterly dividend of $0.205 per share, representing a solid 4.3% yield. TFSA investors should look to scoop up this top dividend stock on the cheap today.

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