



## TFSA Investors: 2 Battered Dividend Stocks to Buy in August

### Description

It's time for TFSA investors to stop waiting for the markets to revisit their March lows, because being a "wallflower" comes with an absurdly high [opportunity cost](#), even though it may seem like the most prudent course of action in the middle of this horrifically uncertain pandemic. Although the U.S. indices are at or near pre-pandemic, all-time highs, it's worth noting that without the heavy lifting from the tech heavyweights, the **S&P 500** would likely look more like the **TSX Index**, which is still off 10% from those February heights.

If you're a [value-craving TFSA investor](#) like Buffett and are willing to buy what others have been selling of late, then check out the following two TSX value stocks in August. They've both been unsexy on Bay Street of late, but for value-chasing TFSA investors, that's something to get excited about, as their odds of being mispriced to the downside are likely much higher than the first half's biggest winners.

## Shaw Communications: When "inferior" becomes superior

**Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) is one of a handful of Canadian telecoms that have been under a modest amount of pressure amid COVID-19-induced shutdowns in the first half of the year. Shaw faced a slowing of the momentum on the wireless front in the last quarter (fiscal Q3), but margin improvements were nothing short of encouraging. Revenues slumped just shy of 1% year over year, and while many may think the pandemic is a "drag" for Canada's fourth-largest telecom, I believe it could act as a considerable tailwind going into year-end.

Shaw's Freedom Mobile and its newly launched Shaw Mobile wireless carrier pose a serious threat to the Big Three incumbents over the next few years. With one of the better value propositions in the country, I wouldn't at all be surprised to see re-accelerating wireless subscriber growth at the expense of the Big Three carriers. Shaw Mobile will be limited to B.C. and Alberta for now, but with aggressive promos and low industry switching costs across both wireless brands, I see Shaw as a potential winner in a recessionary environment that'll see Canadians begin to tighten the purse strings.

Shaw stock sports a 4.9% dividend yield that's likely to continue growing through this pandemic. With

shares trading at two times book value and 2.3 times sales, I'd say the stock trades at a steep discount to its intrinsic value, especially if you're of the belief that Shaw will be on better competitive footing relative to its peers as we move into a potentially severe recession.

## TD Bank: A premium bank at a discount for TFSA investors

**TD Bank** ([TSX:TD](#))([NYSE:TD](#)) is one of those Dividend Kings that TFSA investors should feel comfortable buying on any form of weakness. The Canadian banks have been out of favour for years now, and the COVID-19 pandemic has only served to exacerbate pressures brought forth by the Canadian credit downturn. The pandemic has undoubtedly decimated various sectors of the world economy, and with exposure to firms operating within the hardest-hit industries, the pains have worked their way to the big banks.

Despite the hideous macro headwinds, many of the banks are trading at discounts not seen since the depths of the Great Financial Crisis. The only difference is that the Canadian banks, like TD, are in much better shape than they were over a dozen years ago. TD Bank and its peers, all sport solid capital ratios, well above the regulatory minimum, and they've been tested for stress.

TD Bank may be at risk of accelerating loan losses over the medium term, given its exposure to the sore spots of the Canadian and U.S. economies. But the weak numbers are not because the premium bank has lost its lustre as a conservative high-ROE lender. TD Bank still has an incredible management team. It just got dealt a very weak hand. If any bank is going to come roaring back, though, it's TD with its outstanding management team led by CEO Bharat Masrani. So, if you're hungry for deep value, I'd buy TD stock now while shares trade at just 1.2 times book value and sport a 5.4% yield.

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### TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SJR.B (Shaw Communications)
4. TSX:TD (The Toronto-Dominion Bank)

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