TFSA Income Investors: 2 Worthy Value Stocks I'd Buy Right Now

Description

Tax-Free Savings Account (TFSA) income investors still have plenty of choices, as dividend yields are still swollen in many of the stocks that felt the brunt of the damage back in the 2020 stock market crash. With the vicious growth-to-value rotation witnessed on Wednesday, yield seekers may not have long before the bargains on the **TSX Index** vanish, making yield even harder to come by in today's rock-bottom interest rate environment.

Don't look now, but the TSX Index is looking to start a bit of a winning streak thanks in part to recent strength in the financials, miners, and battered energy stocks. Stocks in such COVID-hit industries got crushed last year, but there are many reasons to believe that 2021 will be a big comeback year for the dirt-cheap dividend heavyweights that still sport yields that are on the higher end of their respective historical ranges.

In this piece, we'll have a closer look at two dividend stocks that I think TFSA income investors should consider picking up with their 2021 contributions. Consider **IA Financial** (TSX:IAG) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR).

IA Financial

IA Financial is a Canadian insurance and non-bank wealth management play that's far less loved than its bigger brothers. Sure, IAG stock has typically yielded far less than its peers, but the more modest dividend is by design, as I explained in prior pieces. You see, IA Financial isn't a firm that's willing to stretch itself financially. The insurance business can be fickle, as demonstrated by the 2007-08 implosion, which was most unkind to the insurers across the board.

With a pretty conservative management team that knows how to manage risks effectively, I actually think IAG, one of the TSX's biggest financial underdogs, is one of the best value plays in the markets at today's depressed valuations. The stock trades at 9.9 times trailing earnings and could be in a spot to blast past its all-time high if all goes smooth with the economy's recovery from the COVID crisis.

Restaurant Brands

Restaurant Brands is another underdog that doesn't get the respect it rightfully deserves. The fast-food kingpin is behind such brands as Burger King, Popeyes Louisiana Kitchen, and Tim Hortons, the latter of which has witnessed sluggish comps for quite some time now.

While most investors draw most of the emphasis on the weakest link, which is usually Tim Hortons in any given quarter, I do think it's foolish (that's a lower-case "f," folks!) to count out the longer-term growth prospects of the other two brands. Most notably, Popeyes is a brand which I see as a powerful brand with a world of growth potential.

Sure, Tim Hortons contributes a greater chunk of the QSR revenue pie. And while some brand erosion has been suffered in recent years for being in the press for all the wrong reasons, I wouldn't count out a turnaround brewing at the beloved Canadian coffee chain at some point over the next five years.

The way I see it, you're getting three of the most profoundly powerful fast-food brands on the planet in one bruised stock. While the firm had its fair share of challenges before COVID struck, I do think that in due time, things will improve, and investors will begin to appreciate the name for the capital-light growth it could well witness.

CATEGORY

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TICKERS GLOBAL

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2. TSX:IAG (iA Financial Corporation Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

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