3 Cheap Dividend Stocks to Add to Your TFSA

Description

North American markets were shaken by volatility in the month of September. Investor fears have been stirred by rising inflation, the lingering COVID-19 pandemic, and by political uncertainty, as the Biden administration hopes to push through a multi-trillion-dollar infrastructure package. TFSA investors may want to re-orient their strategy in this environment. Today, I want to look at three undervalued dividend stocks that can offer stability and income in the near term.

TFSA investors should scoop up this top insurance stock

Manulife Financial (TSX:MFC)(NYSE:MFC) is a Toronto-based company that offers insurance and financial services to a domestic and global consumer base. Shares of this dividend stock have climbed 9.4% in 2021 as of close on October 1. However, the stock has plunged 10% over the past six months. I'd suggested that investors should target Manulife back in May. Manulife is still a good target for TFSA investors.

The company unveiled its second-quarter 2021 results on August 4. Net income rose to $2.6 billion — up from $1.9 billion in the second quarter of 2020. Meanwhile, core earnings increased 18% to $1.7 billion. It delivered Global Wealth and Asset Management net inflows of $8.6 billion — up from $5.1 billion in the previous year.

Shares of this dividend stock possesses a very attractive price-to-earnings (P/E) ratio of 6.7. It last paid out a quarterly distribution of $0.28 per share. That represents a solid 4.5% yield.

Don't sleep on this dependable dividend stock in 2021

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a Montreal-based company that is engaged in the real and related transportation business. This dividend stock has climbed 6.4% in the year-to-date period. Its shares have dropped 4.1% month over month. TFSA investors on the hunt for stability should consider this reliable transportation titan.

Investors can expect to see CNR's third-quarter results later this month. It released its second-quarter 2021 earnings on July 20. Revenues rose 12% from the prior year to $3.59 billion. Moreover, operating income climbed 76% to $1.38 billion. CNR has benefited from a resurgence in the broader Canadian economy. It reaffirmed its full-year guidance for double-digit adjusted diluted earnings-per-share growth.

This dividend stock last had a solid P/E ratio of 26. It offers a quarterly dividend of $0.615 per share, representing a 1.6% yield.

One more super dividend stock to hold in your TFSA forever

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the top bank in Canada and the top stock on the TSX by market cap. This dividend stock can provide TFSA investors with a nice balance of growth and steady income. Shares of Royal Bank have climbed 20% in 2021. The stock has dropped 2.9% over the past month.

In August, I'd suggested that investors snag Royal Bank after its third-quarter earnings release. It delivered net earnings growth of 34% to $4.3 billion and diluted earnings per share increased 35% to $2.97. Net income in its Personal and Commercial Banking segment jumped 55% to $2.11 billion. Like CNR, Royal Bank has been able to ride the wave of a rebounding economy.

Shares of this dividend stock possess a favourable P/E ratio of 11. TFSA investors can gobble up its quarterly distribution of $1.08 per share. That represents a 3.4% yield.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:RY (Royal Bank of Canada)

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