



2 Beaten-Down Stocks to Buy for Your TFSA

Description

Soaring inflation continues to unsettle the equities market. The TSX recovered from the shock on June 16, 2022, and gained 1.34% to start this week. Canada's finance minister Chrystia Freeland and U.S. treasury secretary Janet Yellen jointly announced that the two countries are working together to combat price pressures.

The stock market is also feeling the impact of the turbulent global economy. Many **TSX** stocks have been fallen since the start of 2022. However, Tax-Free Savings Account (TFSA) investors can take advantage of the market correction and buy beaten-down stocks.

Bird Construction ([TSX:BDT](#)) and **Doman Building Materials Group** ([TSX:DBM](#)) have underperformed by more than 10% this year but should be valuable additions in a [tax-advantaged account](#). The former pays a hefty 4.90% dividend, while the latter yields an ultra-high 8.64%. You can generate higher tax-free income from either stock to cope with inflation.

Record-level backlog

Bird Construction advanced 5.15% to \$8.37 on June 20, 2022, although it remains 13.20% down year-to-date. The \$449.43 million construction company reported a 6.95% increase in revenue in Q1 2022 versus Q1 2021, although net income dropped 10.65% year over year to \$6.36 million.

Nonetheless, management is upbeat about the quarter's performance and growth prospects. Teri McKibbin, president and CEO of Bird Construction, said, "Our efforts to build a resilient organization are paying off, and the team's focus on collaboration, cross-selling and diversification continue to drive new awards and create opportunities for growth."

According to McKibbin, the company's strong balance sheet, healthy combined total backlog, and growing recurring revenue streams are competitive advantages. Because of them, position Bird is well positioned to deliver strong financial performance and long-term value to its stakeholders.

Management's near-term plan is to make investments in the business and take steps to improve Bird's

overall margin profile. Notably, as of March 31, 2022, the backlog is at a record level (\$3.03 billion). The pending backlog increased to \$1.71 billion. In addition, the company secured \$506.7 million of new contract awards and change orders.

Strong business platforms

Doman Building Materials delivered strong returns (60.22%) in 3.01 years but continues underperform amid the uncertainties. However, at \$6.20 (-18.86% year to date), you can partake of the fantastic dividend. The \$543.59 million company distributes building materials in North America.

In Canada, Doman stands out because it's the only fully integrated national distributor in the building materials and related products sector. According to management, general economic headwinds manifests in inflation and increased interest rates plus price volatility in certain product categories.

Amar S. Doman, chairman of the board, said, "We remain focused on adapting and performing during these uncertain times, which is familiar territory for our team as we focus on growth and overall cost management." The company can rely on the strength of its business platforms in Canada and the United States. Mr. Doman added that its overall growth strategy has unfolded successfully in Q1 2022.

Excellent back-up

Bird Construction and Doman Building aren't your typical core holdings. However, in a TFSA, either stock is an excellent back-up to your anchor stock for the attractive dividend yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BDT (Bird Construction Inc.)
2. TSX:DBM (Doman Building Materials Group Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
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