3 TSX Growth Stocks That Pay You to Wait

Description

Wouldn't it be nice to receive income while waiting for price appreciation from your stocks. Here are three **TSX** growth stocks from three different sectors that could do just that!

A Canadian bank stock that pays an awesome dividend

The Big Six Canadian bank stocks often steal the limelight for delivering decent long-term returns and stable dividends. Over the next three to five years, smaller **Canadian Western Bank** (TSX:CWB) has the potential to deliver much stronger returns from being a cheaper stock now. Higher earnings growth can also turn into higher returns as well.

At about $28 per share, the Canadian bank stock trades at about 7.7 times earnings, which is a discount of roughly 30% from the industry multiple. Compared to its own long-term normal valuation, the value stock trades at even a steeper discount of 36%.

Importantly, the bank stock's dividend yield of 4.4% is safe. Its trailing 12-month (TTM) payout ratio is 38% of net income available to common stockholders. Also, it has a 30-year dividend-growth streak. Its 10-year dividend-growth rate (DGR) is 7.6%, which competes well with its big Canadian bank peers. If things go smoothly, the dividend stock could double investors' money in a few years.

Magna International stock is depressed

Auto part maker **Magna International's** (TSX:MG)(NYSE:MGA) business results have been pressured by a number of factors, including from supply disruptions, higher inflation, and higher labour costs. A reverse of some of these events can drive above-average price appreciation in the cyclical stock over the next three to five years.

At roughly $83 per share, Magna stock yields 2.8%. Analysts' average 12-month price targetrepresents 30% near-term upside potential, which suggests the stock trades at a cheap forwardvaluation. Over the next few years, it could deliver a double-digit rate of return.

Magna's track record of increasing dividends is also a confidence booster for investors. It has increased its dividend for about 12 consecutive years with a 10-year DGR of 13.2%. The cyclical company maintains a sustainable payout ratio to protect its dividend through the ups and downs of the economic cycle. For example, its TTM payout ratio was 76% of net income and 58% of free cash flow.

Savaria could be on the verge of turning around

Savaria (TSX:SIS) is the smallest stock of the three with a market cap of less than $1 billion. However, it's a small stock with big growth prospects. Its portfolio of products improves the accessibility of seniors. Since the aging population is growing around the globe at a higher rate, the global company can benefit from increased demand.

The company is also known to make acquisitions, which could be catalysts for growth as well as make it a bumpy ride to hold the stock. SIS stock has generated out-of-this-world returns for long-term investors. For example, an investment from 10 years ago grew investors' money 12-fold, turning $10,000 into about $123,127!

After selling off significantly in the last year, Savaria stock has based and may be starting another upward trend. At least, analysts think it has 49% upside over the next 12 months. Meanwhile, it yields 3.4% and is also a Canadian Dividend Aristocrat, like the other two stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:CWB (Canadian Western Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:SIS (Savaria Corporation)

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