3 Struggling Dividend Stocks Poised to Recover

Description

These days, with the overall stock market trading at close to all-time highs, it's difficult for investors to find any sort of decent value. There are plenty of stocks that have performed well, and plenty of good, rock-solid companies that are trading at an *okay* valuation, but there aren't many stocks that have struggled to keep up with the rally that don't have major warts.

This is one of the pitfalls of investing during one of the longest bull markets in history. When most everything goes up, nothing is cheap. Investors are left to try to find value among the scraps that the market forgot, or push their definition of "fairly valued" just a little higher in order to find quality companies to buy.

Fortunately for investors looking for a little value, there are some decently priced options out there. They're few and far between, but they exist if you just look hard enough. Here are three that investors should consider buying.

1. National Bank

Investors don't give **National Bank** (TSX: NA) nearly the love that they give Canada's five other largest banks, which gives you an opportunity to buy a quality company at a cheaper price than its competitors.

National Bank is a huge financial institution, with a market cap higher than $15 billion and just about $200 billion in assets. The majority of its business comes from Quebec, but it operates across the country. It is Canada's sixth-largest bank.

It's also a cheap stock. It trades at less than twice book value; compare that to its competitors, which all trade at close to 2.5 times book value. It also has a P/E ratio of under 11, which is a full 20% less than the average of its peers. Also, National's dividend is even more generous, yielding 4.2%.

The knock on the company is that it doesn't have any significant business outside of Canada. Don't be surprised if it bites the bullet and buys a small American bank in the next few years. When it does, that should help it bridge some of the gap between it and its peers.

2. Bombardier

It's tough to be a **Bombardier** (TSX: BBD.B) shareholder.

The company is all in on its new CSeries line of business jets, which has suffered all sorts of delays and issues. Delivery to customers is supposed to start in the second half of 2015, but investors don't have much confidence that'll actually happen. Because of these delays, the stock has shed 20% of its value over the last year.

Which is exactly why investors should buy now. CSeries customers are still on board, and not one has cancelled their order. Once the company starts getting revenue from the new planes, it should have enough demand to keep the jet division busy for years. The market is discounting this growth because it's not sure when it's going to happen, but there's little evidence that it won't.

In the meantime, investors get a rail business that's profitable, has a nice sized backlog, and is the leader in North America. The rail business itself is world class. Plus, investors are getting in at close to 52-week lows and are getting paid a 2.7% dividend to wait.

3. Rogers Communications

Over the last year, the TSX Composite has surged, rising just less than 25%. In the same time period, shares in **Rogers Communications** (TSX: RCI.B)(NYSE: RCI) have actually fallen, shedding more than 7% of their value. This represents a great entry point for long-term investors.

The company's missteps haven't been bad enough to justify its price decline. Sure, wireless growth has struggled, but Rogers is still Canada's wireless leader. It also paid too much — at least, according to analysts — for its latest purchase of spectrum, but the frequencies purchased will improve customer reception inside buildings and in subways, exactly where everyone demands better coverage.

The company is being proactive in fixing some of its issues. It has replaced several members of senior management, and is working on improving its front-line customer service. While investors wait for it to recover, they'll enjoy a 4.4% dividend that has grown every year since 2004.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:BBD.B (Bombardier)
3. TSX:NA (National Bank of Canada)
4. TSX:RCI.B (Rogers Communications Inc.)

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