



## 5 Best-Valued Dividend Stocks for Today

### Description

If you have lots of cash lying around, or you're a new investor, here are five stocks that represent the best value in today's market. They all pay a dividend, so you'll receive regular, stable income from them. Additionally, they are diversified in different industries, so they're unlikely to trade in correlation with each other.

Without further suspense, the five best-valued dividend stocks today are **Canadian Western Bank** ([TSX:CWB](#)), **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)), **Canadian Utilities Limited** ([TSX:CU](#)), **Dream Global REIT** ([TSX:DRG.UN](#)), and **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)).

### Canadian Western Bank

Canadian Western Bank is a regional bank with a focus in Alberta and Saskatchewan. At today's prices the other Canadian banks are fairly valued at best. On the other hand, Canadian Western Bank is selling at a deep discount with a price-to-earnings ratio (P/E) above 10, while historically it has traded at a P/E 15.

Canadian Western Bank is experiencing what I believe to be temporary issues and is trading under \$29 per share with the potential to get back to \$40 in the next few years.

In the meantime, investors get a 3.1% yield to wait. Did I mention the bank has increased its dividend for 23 years?

### Enbridge

The pipeline leader receives a stable cash flow from its assets no matter how much oil is being sold for. As such, Enbridge is a much safer investment than oil and gas producers or integrated oil companies.

Enbridge has dipped 15% from its 52-week high of \$66 to \$56. Now is the perfect time to buy some shares in Enbridge. The company has a culture of growing dividends, and it projects to continue growing it at a compounded annual growth rate of 14-16%. With a yield of 3.3% today, investors can

expect it to grow to a yield on cost of 4.8-5.1% in three years.

Investors can also enroll in the dividend reinvestment plan to get a discount of 2% on shares from reinvested dividends, as now is a good time to dollar-cost average into this blue-chip company.

### **Canadian Utilities**

Canadian Utilities offers the best value among the utilities. It is priced around a P/E of 16 with an above average earnings growth rate of over 7%. At under \$35 per share it yields an attractive 3.4%.

There's reason to believe this utility will continue growing its dividend because of its record of hiking dividends for 32 consecutive years.

### **Real estate investment trusts**

To own real estate or to receive rental income, investors can simply invest in real estate investment trusts (REITs), leaving professional management teams to take care of the properties and tenant relationships.

Other than sitting back and receiving a passive, monthly income, investors can also immediately diversify, thereby reducing risk, since REITs own hundreds of properties across the country.

A couple of REITs that are priced at a good value today are Dream Global and Northwest Healthcare Properties.

Dream Global owns commercial office buildings in Germany and offers a high yield of 8.2%.

Northwest Healthcare owns medical office buildings and hospitals in Canada, Brazil, Australia, and New Zealand. Its recent merger with its global counterpart might have introduced uncertainty because it's priced at about a 30% discount right now. As a result, it now yields a high income of 9.9%.

If you don't mind tracking the cost basis, it's actually tax efficient to hold REITs in a non-registered (taxable) account if a large portion of their distributions is from return of capital. Essentially, the return of capital reduces the cost basis, and so is taxed at the sale of the REIT units or until your adjusted cost basis becomes negative.

However, if you wish to avoid this hassle, then you should purchase REITs in your TFSA or RRSP.

### **In summary**

These five best-valued stocks are ripe for purchase today to give new and experienced investors a diversified, stable, and growing income. If you bought each with the same amount of money, you'd receive an average yield of 5.6%.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:CWB (Canadian Western Bank)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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