2 Hated Dividend Stocks to Buy Today

Description

The markets might be rising but some dividend stocks appear to have fallen out of favour with investors. The weakness could be justified if business fundamentals were deteriorating. But that's certainly not the case with **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) and **Brookfield Property Partners LP** (TSX:BPY.UN)(NYSE:BPY), which is why these dividend stocks are great picks at current prices. Here's why.

A solid contrarian oil stock

Crescent Point is down 13% in one month and 20% in the past six months, partly as the optimism around OPEC's proposed oil-production cut fades on concerns that ongoing production from non-OPEC member countries may put a cap on oil prices. The fears, however, could be unfounded given Crescent Point's fresh outlook for 2017 that suggests improving oil fundamentals.

Crescent Point just upgraded its 2017 capital-spending target to $1.5 billion from $950 million to deliver 10% growth in production compared to its exit rate in 2016. With commodity prices bottoming and the company's cost-reduction efforts paying off, Crescent Point also expects to beat its initial funds from operations (FFO) guidance of $1.45 billion for the year. Every US$1 per barrel rise in oil price can boost Crescent Point's FFO by $50 million.

Those numbers suggest the worst might be over, and Crescent Point will likely increase its dividends going forward to regain income investors' faith going by its target 100% payout ratio at US$52 per barrel of oil. For now, monthly dividends, 2% yield, and the stock's low valuation of six times price-to-cash flow and 0.8 price-to-book value presents a great bargain for income investors.

A real estate giant with a hefty dividend yield

Brookfield's stock has lost almost 11% in the past five months, giving income investors an excellent opportunity to scoop up some shares. If you're wary about real estate, Brookfield is safer than you might think.

First, Brookfield has 149 premier properties spread across the globe, so weakness in one region can be offset by strength in another. Second, 91% of Brookfield's leases carry an average term of eight years, which means secure earnings for as many years, unless there's a property bubble. Third, Brookfield's regular property upgrades allow it to command higher rates on lease renewals, as evidenced by the 17% increase in its rents from office properties last quarter.

Fourth, and most important, Brookfield's FFO is growing rapidly with the company targeting 8-11% growth in the long run. As Brookfield pays dividends out of FFO, it expects to grow its dividends annually by 5-8% going forward. With the stock trading at just about eight times trailing earnings and yielding a solid 4%, it's time to get greedy while others are afraid.

CATEGORY

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2. Energy Stocks
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2. TSX:BPY.UN (Brookfield Property Partners)
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