

## 3 Dividend Stocks With Real Underlying Value

### Description

Finding value plays that provide a reasonable dividend and income, while also providing significant long-term upside potential can be quite difficult. Typically, short-term returns from dividend distributions often offset the potential future gains that could have been made if those funds have been re-invested within the company to generate higher returns in the future.

The investing world is a complex one; balancing trade-offs relating to today's performance and the long-term fortunes of a company can be difficult.

I'll be looking at three stocks I believe hold significant value and are under appreciated by the market, despite having decent dividend yields.

#### Stock #1: Corus Entertainment Inc.

**Corus Entertainment Inc.** ([TSX:CJR.B](#)) has one of the highest dividends on the TSX with a yield approaching 9% and a payout ratio approaching 135%.

Corus's dividend has been scrutinized as being unsustainable; however, the company has continued to maintain its commitment to distributing income to shareholders, and it has the ability to maintain this dividend for some time given its fundamentals and corporate mandate.

This is a company operating in a mature industry with stable margins and revenue numbers, albeit with a significant debt load. The company's decision as to whether or not to pay back debt and cut back on dividend distributions remains; however, the stock can be purchased at nearly book value today, providing an interesting value play for income investors willing to hold this name for some time or buy on the dips.

#### Stock #2: Manulife Financial Corp.

**Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) is a large player in North American insurance and reinsurance business. It operates in a mature industry and has a decent dividend and solid underlying fundamentals. It provides income investors with an interesting value name to pick among the crop of dividend names on the TSX.

Manulife currently trades at a very small premium to book value. It has decent earnings and a relatively high payout ratio. Manulife has committed to returning value to shareholders and is a company with robust future prospects, providing value even though the company's share price is trading near a 52-week high.

#### Stock #3: Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is a Canadian bank which reported solid earnings and excellent numbers relating to the commercial lending portion of its business. This is a great name for

long-term income investors to benefit from the anticipated increase in corporate earnings in the coming years.

Stay Foolish, my friends.

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1. Bank Stocks
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1. Editor's Choice

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CJR.B (Corus Entertainment Inc.)
5. TSX:MFC (Manulife Financial Corporation)

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