

2 Income Stocks That Look Oversold

Description

Canadian dividend investors are searching for deals amid the recent pullback.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Power Financial Corp.** (TSX:PWF) to see why they might be attractive right now.

Enbridge

Enbridge recently closed its \$37 billion purchase of Spectra Energy.

The combined company is the largest energy infrastructure player in Canada and the United States with assets spanning liquids pipelines, natural gas pipelines, utilities, and renewable power.

Enbridge has \$27 billion in near-term projects on the go and an additional \$48 billion under consideration. As the new assets are completed and go into service, Enbridge expects to see cash flow grow enough to support annual dividend increases of at least 10% through 2024.

The company has a strong track record of raising the distribution, so investors should feel comfortable with the guidance.

The stock is down to lows not seen since last summer and getting close to the bottom of the 12-month ranges.

Investors who buy today can pick up a 4.6% yield and simply sit back and watch the higher dividends roll in over the coming years.

Power Financial

Power Financial is a holding company with interests in wealth management and insurance companies in Canada and a conglomerate in Europe.

Great-West Lifeco Inc., and **IGM Financial Inc.** ([TSX:IGM](#)) are the most notable holdings.

The company is also an investor in the emerging FinTech sector with interests in the robo-advisor segment.

IGM's mutual fund business is considered by many as a risk and is one reason some investors steer clear of Power Financial.

Competition from ETF providers and robo-advisors is certainly changing the landscape, but IGM's Q1 results suggest the company is doing quite well. Earnings came in at \$0.74 per share compared to \$0.69 in Q1 2016.

Power Financial raised its dividend earlier this year, so management can't be too concerned about the overall earnings outlook. The current distribution provides a yield of 5.1%.

Investors can pick up the stock today at a 10% discount to where it was three months ago.

Is one a better bet?

Power Financial offers a higher yield, but Enbridge's dividend-growth outlook is likely better over the medium term. As such, I would probably make the pipeline company the first choice today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:IGM (IGM Financial Inc.)

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