3 Canadian Dividend Stocks for Your Contrarian Portfolio

Description

Contrarian investors are always searching for unloved companies that might offer some attractive upside potential.

Let's take a look at **Cineplex Inc.** (TSX:CGX), **Bank of Montreal** (TSX:BMO)(NYSE:BMO), and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks today.

Cineplex

The movie industry is having a rough summer, and that is taking a toll on the share prices of the top theatre chains.

Cineplex is down 25% in the past three months, as concerns mount over the future of the theatre sector. Profit taking after a multi-year rally might also be part of the story.

Competition from online streaming services could be keeping some people at home, but it might be a bit premature to completely write off Cineplex. Investors who can handle a bit of volatility might want to start nibbling on the stock at the current level.

At the time of writing, the dividend provides a 4.4% yield.

Bank of Montreal

Bank of Montreal is down 13% in the past six months amid concerns about a potential housing downturn in Canada, and weaker-than-expected results from the company's U.S. division.

A total meltdown in Canadian house prices would not be good for the country's banks, but most pundits expect a gradual decline, and Bank of Montreal is more than capable of riding out a rough patch.

As for the U.S. operations, the division delivered flat year-over-year results, which didn't impress the analysts, but that isn't a reason to dump the stock.

Overall, things are still pretty good. Bank of Montreal reported an 11% increase in fiscal Q3 net income compared to last year.

The stock now trades at a reasonable multiple, and the dividend continues to grow. At the time of writing, Bank of Montreal provides a yield of 4%.

Enbridge

Enbridge closed its $37 billion acquisition of Spectra Energy earlier this year in a deal that created North America's largest energy infrastructure company.

The acquisition also provided a boost to the capital plan. Enbridge says it now has $31 billion in commercially secured projects that should provide enough cash flow growth to support annual dividend increases of at least 10% through 2024.

The stock is down more than 10% in 2017, as investors shed anything connected to the broader energy sector.

Enbridge doesn't produce oil or gas; it simply moves the product from the point of production to the end user. As a result, changes in the commodity prices have little direct impact on the company's revenue.

Investors can pick up a 4.9% yield today and simply sit back and watch the dividends increase in the coming years.

Is one more attractive?

All three stocks look oversold today and provide attractive dividends that should be safe.

If you only buy one, I would probably make Enbridge the first choice based on the strong dividend-growth outlook over the medium term.

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