



2 Severely Undervalued Dividend Stocks to Buy Right Now

Description

U.S. markets have rocketed high in the new year thus far, while the Canadian index has continued to lag. It's tempting to jump over to U.S. stocks, but before you do, I think the Canadian markets offer way more in terms of value. Despite U.S. market bull calls from many pundits, I think the average investor would be far better off sticking within the confines of Canada if value investing is their strategy of choice.

On the S&P 500, NASDAQ, or Dow, you'll likely dig through a tonne of stocks to find something that's at least of decent value. After the January melt-up, things are looking frothy, and I'd much prefer sticking with Canada's underappreciated gems if you're one of the few investors that still cares about value when buying stocks — something that's tough to do with the extremely bullish tone of the general public.

Without further ado, here are two top dividend stocks that I believe investors should load up on today:

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge has a juicy 5.8% dividend yield which management is happy to keep intact and grow at a 10% rate over the next few years, despite recent headwinds. For conservative income investors, Enbridge is a gigantic value play, since its pipelines are highly regulated, resulting in a more-stable-than-average stream of cash flow.

While some pundits believe Enbridge hasn't "earned" the right to continue to hike its dividend, I believe Enbridge is very well positioned to rebound, especially once Line 3 is replaced and operational.

Shares currently trade at a mere 1.6 price-to-book multiple, which is substantially lower than the company's five-year historical average price-to-book multiple of 4.2. The dividend yield is also [head and shoulders above](#) where it normally is. Value-conscious income investors should strongly consider initiating a position today before the price of admission goes up.

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#))

Shaw's wireless business Freedom Mobile is going to make a gigantic splash over the next five years, yet many analysts still appear to be asleep at the wheel. It's not a matter of if Freedom will become just another member of the Big Four; it's a matter of when. It's likely that over the next few years, Freedom Mobile will experience an [acceleration in subscriber growth](#) at the expense of its bigger brothers.

Freedom Mobile only controls a mere 3.4% of the Canadian wireless market, so there's a tonne of room to run, as further network upgrades are rolled out across select markets. Shaw has been quite aggressive with its recent promos, and that's caused a slip in EBITDA margins from 41.4% to 38.5% in the last quarter. It's just a case of spending money to make money. And in time, I believe wireless will grow to become a huge part of overall operations, offsetting potential weaknesses from its wireline business.

If you've got a long-term time horizon, buy Shaw and collect the juicy dividend which currently yields 4.43%.

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