3 Undervalued Dividend Stocks That Pay Over 4%

Description

The TSX has been off to an abysmal start to 2018, and it has taken many blue-chip stocks down with it. While it may be worrisome to invest at a time when stocks are tanking, it's a great opportunity for investors to pick up some bargains.

Below are three dividend stocks that are currently undervalued and trading near their 52-week lows that would be great additions to your portfolio today.

BCE Inc. (TSX:BCE)(NYSE:BCE) is as stable a stock as you'll find on the TSX, and while it may not be the most exciting investment, it can offer your portfolio modest returns and strong dividends in the years to come.

Currently, the stock is trading about a dollar higher than its 52-week low, as it has declined more than 8% this year and as much as 3% in just the past month.

The drop in price has pushed BCE's dividend up to 5.5%, and that is likely to grow over the years, as the company has a strong history of raising its payouts.

With a strong dividend and low-priced stock, BCE could be a great source of capital appreciation and dividend income for your portfolio. The company is well diversified and has a strong position in the telecom industry that's not in any danger.

Unless the industry is opened to foreign competition, BCE and its rivals remain safe, and it will continue to produce strong results for its shareholders.

Hydro One Ltd. (TSX:H) has struggled to find momentum on the markets and is down 7% since first listing on the TSX in 2015. In the past year, the stock has declined 13% and is less than 5% away from its 52-week low.

Currently, the stock trades at less than 20 times its earnings and is also near its book value, meaning investors are getting a great price for a solid utility stock.

Hydro One pays its investors a dividend of over 4.1%, and with its recent expansion south of the border, it will also have many growth opportunities to come, which could help provide investors with some strong capital appreciation as well.

TransCanada Corporation (TSX:TRP)(NYSE:TRP) has seen a steep sell-off in price lately, as the stock has declined 16% over the past three months and is down 7% since March. A bearish outlook has kept oil and gas stocks down, despite oil prices being on the rise.

TransCanada's stock is just a couple dollars away from its 52-week low, and the drop in price has helped push its dividend yield up to 5.3%. Investors can expect that to rise over the years, as the company regularly raises its payouts.

Pipelines have faced lots of resistance in Canada and the U.S., and those concerns are likely weighing on the minds of investors. However, if supply cuts in the oil and gas industry remain intact, that will continue to push prices up, and it will only be a matter of time before the bears make way for the bulls and TransCanada's stock starts to take off.

With the Keystone XL finally receiving approval, there are many reasons to consider investing in TransCanada today.

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3. TSX:BCE (BCE Inc.)
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