3 Ultra-Cheap Dividend Stocks You Can Buy for Your TFSA Today

Description

Sometimes it just makes sense to "load up" or "bet big" on a sector, and it would seem that right now, it may make sense to be betting big on the energy sector.

Following a two-year stretch that saw the price of West Texas Intermediate Crude (WTIC) — and commodity prices in general, for that matter — unable to crack the US$50 mark, oil has been taking off since last October.

Since cracking the critical US$50 mark in late October, there's been no looking back for the "black gold," with crude prices up more than 33% in the six months since then.

What's actually even better though, from an investor's standpoint, is that thanks to some unfortunate bottlenecks in Canadian transportation networks, Canadian energy producers have largely been left behind in the latest rally and still trade at a sizable discount to their U.S. peers.

These three companies are among the best opportunities in the Canadian market today, perfect for your TFSA or RRSP account, with all three paying a dividend, and each one offering a distinct "style" of dividend investment, depending on your individual preference.

Of the three companies, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) offers the highest yield today — just a shade less than 7.1%.

Enbridge's board of directors has increased its payout by an average of 8.8% annually since 2010 and has plans to increase the dividend by 10% compounded annually into 2020.

As if the combination of a high dividend yield with a high expected growth rate weren't enough, Enbridge stock is currently trading at a two-year low, making it a timely buy if there ever were one.

Cenovus Energy Inc. (TSX:CVE)(NYSE:CVE) is a different story altogether, as the stock's 1.54% yield certainly isn't going to make you rich overnight. It's the company's capacity to increase that payout over time that makes it an intriguing investment idea.

Cenovus's $0.20 annual dividend distribution only costs the company $220 million a year. That may sound like a lot, but it compares very favourably to the $3.4 billion in net income the company generated in 2017.

Cenovus stock is additionally trading at just 0.80 times book value, making it a compelling deep-value play.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG), meanwhile, offers a combination of both yield and growth qualities.

Crescent Point shares are yielding 3.1%, which isn't all that bad considering that the 10-year Government of Canada Bond is yielding something closer to 2.3%.

But when you take into consideration the extent of Crescent Point's assets, which, today, remain untapped, it doesn't become too difficult to imagine what that dividend could become over time.

Crescent Point shares are up 32% so far in April heading into Friday's trading, but they remain about 50% off their two-year highs.

Bottom line

Following a prolonged multi-year slump, the stars have aligned to make the energy sector one of the more attractive investments available anywhere in the market today — and the value offered in these three stocks certainly speaks to that.

Don't miss your chance to get in on this opportunity before it passes you by.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:VRN (Veren)
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