3 Top Canadian Dividend Stocks With Rising Payouts: Are They Oversold?

Description

Dividend investors are always searching for top-quality companies with a track record of steady payout increases. Ideally, we want to buy these stocks when they are "on sale."

Let's take a look at **Enbridge** (TSX:ENB) (NYSE:ENB), **Cineplex** (TSX:CGX), and **BCE** (TSX:BCE) to see if they might be interesting picks right now.

Enbridge

Enbridge currently trades for $42 per share at writing, which is well off the $65 high it hit in the spring of 2015. The long-time dividend favourite has come under pressure due to concerns that rising interest rates could cut into cash available for distributions.

In addition, investors had a lukewarm response to the company's $37 billion acquisition of Spectra Energy in 2017.

Enbridge launched a turnaround plan last fall that is streamlining the operations, reducing debt, and focusing on regulated businesses, which tend to have reliable and predictable cash flows. Management already has deals in place to monetize $7.5 billion in non-core assets.

In addition, the company is well on the way to bringing its previous drop-down subsidiaries under one roof.

Enbridge continues to work through a $22 billion development portfolio that is adding new assets and should boost cash flow available for dividends. Payout hikes might not be as high as they have been in the past two years, but investors should see the distribution continue to rise on a yearly basis. At the time of writing, the stock provides a yield of 6.3%.

Cineplex

Cineplex could do no wrong for years, but the company hit a speed bump last year when investors started to worry about the threats posed by streaming companies, as well as a strategy shift that has Cineplex investing in other areas of family entertainment.

The Q2 2018 results suggest that movie fans are still excited to see their favourite movies on the big screen, and they are spending more on treats when they go to the theatre.

Cineplex remains dependent on the movie industry's ability to produce films that will attract visitors, but the fears of the demise of the business might be overblown.

In fact, I wouldn't be surprised to see Cineplex get bought out by **Netflix**, **Amazon**, or even **Apple** as they ramp up their content production and move more into competition with the traditional studios.

Cineplex raised is dividend earlier this year. The current payout provides a yield of 5%.

The stock has bounced off the 2018 low and now trades at $34 per share at writing, but that is still off the high near $50 last summer.

BCE

BCE has long been a top pick among income investors for its reputation of being a reliable dividend growth stock. The valuation moved above historical trends in recent years as yield seekers moved out of GICs and into BCE.

With interest rates moving higher, some of that money will likely go back to fixed income alternatives, which is part of the reason that BCE’s stock is down this year.

However, the company remains a leader in its industry with the power to raise prices when it needs extra funds. The dividend should continue to increase in step with improvements in free cash flow, and the pullback from nearly $63 per share last fall to the current price of $53 is starting to look overdone. BCE’s dividend provides a yield of 5.7%.

The bottom line

Enbridge, Cineplex, and BCE are market leaders with strong businesses and growing dividends. If you have a contrarian investing style, this might be a good time to start a position in these stocks.

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2. Investing

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3. TSX:BCE (BCE Inc.)
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aswalker