Dividend Investors: These 3 Income Machines Are Ridiculously Cheap

Description

Although you'd never think it after reading the headlines, long-term investors should love market sell-offs. It gives us the opportunity to buy great companies at bargain prices. Who doesn't love a good sale?

This week's bloodbath is no different. Sure, stocks might go lower from here. We could be on the cusp of a global recession. Or it could be one of the numerous market hiccups that happen once every few months. Even if the former is true, dividend investors know locking in decent yields can help dull the pain of a full-borne bear market. They continue to get paid while everyone else freaks out.

Here are three great stocks for patient dividend investors today that are at or near 52-week lows.

Canadian Utilities

There are few things as dependable as **Canadian Utilities** (TSX:CU) raising its dividend each year. It's remarkable. The company has hiked its payout each and every year since 1972. The current distribution is $1.57 per share, giving the stock a 5.2% yield. CU's dividend yield hasn't been this high since the early part of this millennium.

The company is in the middle of a major growth initiative, too. It expects to spend a total of $4.5 billion on new projects from 2018 to 2020, investing the majority of that capital into regulated markets. This means these investments will spin off plenty of predictable cash flow.

Canadian Utilities is also dipping its toe into Mexico. It acquired a small power project there and announced its intention to build another. International expansion will have to happen for the company to continue its growth, so this is a great sign.

Plus, the stock trades at just 12.7 times analysts' forward earnings target. That's a great price for such a fantastic company.

Brookfield Renewable Partners

One of the things I love about **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) is the company's capital discipline. Management is committed to putting capital to work at attractive rates of return. If opportunities aren't out there, its pocketbook remains closed. It's that simple.

Besides, investors don't need huge acquisitions to make an investment in Brookfield work. It has $43 billion worth of assets under management spread out among 10 different countries. Most of the company's portfolio is invested in hydro assets, but it has also grown its wind and solar power operations as well. And it concentrates on regulated power markets, meaning earnings get a nice bump every year as the company charges higher rates.

Investors are getting a generous 6.6% dividend to wait. The payout is sustainable, with management projecting a payout ratio of 87% for 2018. Investors should get ample dividend growth too, with management estimating funds from operation increasing between 6% and 11% per share annually between now and 2022.

Chartwell

You'll notice a theme with today's picks. They're all heavily correlated to interest rates. **Chartwell Retirement Residences** (TSX:CSH.UN) is no different. The company is Canada's largest owner of retirement communities with more than 200 locations in four provinces. Naturally, this owner of real estate borrows a lot of money.

The long-term demand for Chartwell's retirement residences will be solid. There are more than nine million baby boomers in Canada, and most will end up in some sort of retirement home. This is great news for investors who plan to hold over the next couple of decades.

The company has a solid balance sheet, which should allow it to acquire more homes as the industry consolidates. It has also had success passing on price increases to its current residents. This all translates into solid funds from operations growth of more than 11% annually since 2012. The board of directors has passed some of this wealth back to shareholders, increasing the dividend each year since 2014. The current yield is 4.2%.

The bottom line

It isn't very often investors see stocks as fine as Canadian Utilities, Brookfield Renewable Partners, and Chartwell trading at 52-week lows. Now seems like a great time to start a position in each and enjoy the dependable dividends for decades to come.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:CSH.UN (Chartwell Retirement Residences)
4. TSX:CU (Canadian Utilities Limited)

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