



These 2 Top Dividend Stocks Are a Stock Picker's Dream Come True

Description

Here are two [top dividend stocks](#) for stock pickers. The stocks are being mispriced due to short-term noise and have bright futures ahead of them.

Freehold Royalties ([TSX:FRU](#))

With a highly diversified list of exposure and a royalty model, Freehold is a less-risky way to bet on the oil and gas market than many other Canadian energy stocks. And with the recent strengthening of Canadian oil prices, this may be just what this stock needs to finally move higher.

Trading at \$8.66 at the time of writing, Freehold stock currently has a dividend yield of 7.27%, as it has been hit hard in the last year, down roughly 38%.

But Freehold's financials remain exceptionally strong, making this price action a great buying opportunity.

Operating cash flow increased 27% versus last year in the third quarter of 2018 and 9% versus last quarter.

And with a payout ratio of only 55%, investors have enjoyed dividend increases in recent times, as the company's free cash flow generation has increased dramatically in accordance with the increase in oil prices.

Furthermore, this company has a long history of value creation — a history that long-term shareholders have done very well with.

Freehold Royalties generates a free cash flow yield of approximately 10% at \$65 oil and is well positioned to continue to create real value for shareholders.

Evertz Technologies ([TSX:ET](#))

This dividend stock, currently yielding a hefty 4.42%, is clearly a cheap stock, trading at 17 times this year's expected EPS.

This at a time when growth rates are accelerating, proof of which we can see in the company's strong shipments and backlog numbers, which totaled \$122 million in the latest quarter (first quarter of fiscal 2019).

Evertz designs, manufactures, and markets video and audio infrastructure solutions for television, telecommunications, and new media industries.

This is an industry that is experiencing rapid change, and Evertz is well positioned to benefit from these changes.

This little-known [tech stock](#) offers investors a strong dividend yield that it supported by strong cash flows and a strong balance sheet.

In the past, the company has chosen to return excess cash to its shareholders in the form of a special dividend. In fiscal 2017, Evertz paid dividends totaling \$137.5 million, \$83.2 million of which was in the form of a special dividend.

So, with a regular annual dividend of \$0.72 per share (4.42% dividend yield), the possibility of more special dividends and/or an acquisition in the future, as the company aims to make use of its strong cash flows and balance sheet, and an attractive valuation (17 times this year's expected earnings), the stock is a great addition to investors' portfolios for growth and yield.

Final thoughts

Stock pickers love the idea of a quality stock that is mispriced due to short-term noise, such as Freehold, or due to a lack of coverage (Evertz). Consider these for your investment portfolios for their strong upside and their strong dividend yields.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. TSX:ET (Evertz Technologies Limited)
2. TSX:FRU (Freehold Royalties Ltd.)

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