



2 Cheap Stocks With a Decade of Annual Dividend Growth

Description

Dividend investors are getting a treat right now, as the correction in the market continues to produce [oversold stocks](#) with growing distributions.

Let's take a look at two stocks that have pulled back to the point where they might be interesting picks for your income portfolio today.

Inter Pipeline

Inter Pipeline (TSX:IPL) is getting a lot of attention these days after it confirmed the company had received a takeover offer.

IPL is a niche player in the Alberta oil and gas midstream sector with oil sands pipelines, conventional oil pipelines, and natural gas liquids (NGL) processing operations. The company also owns a bulk liquids storage business in Europe.

The stock has taken a hit amid concerns that IPL would have to take on too much debt to finance the full construction of its \$3.5 billion Heartland Petrochemical Complex. The project is already moving along well and is scheduled for completion by late 2021.

IPL recently said it intends to sell the European assets to help fund the Heartland development. A successful sale would ease investor concerns and likely boost the stock price.

IPL has raised its dividend every year for the past decade and currently offers a 7% [yield](#).

At the time of writing, the stock trades for close to \$24 per share. The rumoured offer to buy the company was for \$30 per share, meaning there could be some nice upside in a short period of time in the event additional suitors come to the table and the board decides a sale is in the best interest of shareholders.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company with production, refining, and retail businesses.

Falling oil prices put a squeeze on margins in the upstream operations, but the refining and retail divisions can actually benefit from the lower input costs. The balanced nature of Suncor's business units is a big reason the stock tends to hold up relatively well when the oil market tanks.

This doesn't mean the company is immune to a correction, as we have experienced over the past six months. The downturn that has occurred is giving investors a good chance to pick Suncor up at a reasonable price.

The company has a strong balance sheet and can use its access to cash to buy strategic assets at opportune times. If the current slide in oil prices continues, it wouldn't be a surprise to see Suncor go on another shopping spree.

Investors would benefit from the added resource base and higher production when prices rebound. In the meantime, you collect a solid 4.5% yield.

Suncor increased the dividend by more than 16% in 2019 and has hiked the payout for 17 straight years.

The bottom line

Ongoing volatility should be expected in the market, and these stocks could get even cheaper in the near term. However, buy-and hold investors who are searching for value plays with reliable and growing dividends that offer above-average yield might want to consider nibbling on IPL and Suncor.

The upside potential is significant for both stocks, and you get paid well to wait for better days.

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aswalker

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