Market Sell-off: These 3 Dividend Stocks Are a Screaming Buy Today

Description

Today is a good day to be a long-term investor.

After a year of relentlessly marching higher, most stocks on the **Toronto Stock Exchange** have fallen considerably. It's a terrific opportunity to load up on leading stocks at bargain prices.

Which stocks should you buy? Most are beaten down enough that they look to be solid long-term buys, but there are a select few that offer a unique combination of being both high-quality companies and trading at a cheap valuation. These are the stocks you should be focusing on for your own portfolio — I know I sure am.

Let's take a closer look at three of these long-term winners — great companies you'll regret not buying a couple decades from now.

Royal Bank

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest bank. It is either the leader or second-best in every important banking category in Canada, dominating everything from mortgages to wealth management to issuing credit cards.

It also has a large presence in the United States, as well as owning significant assets in the Caribbean. The company has also diversified into other financial services, mainly insurance.

Most investors consider Royal Bank to be the finest financial institution in Canada. This distinction usually means the company's shares are always a little expensive compared to peers.

The market sell-off has changed all that. I haven't seen Royal Bank shares this cheap in years, at least on a forward earnings basis. Analysts project the company will earn $9.41 per share in 2020. As I type this, the stock trades hands at $99.37, giving us a forward price-to-earnings ratio of just over 10.

Royal Bank shares are also cheap based on the dividend yield. For years, the stock's dividend was always under 4%. These days, the payout is 4.2%. That's a great consolation prize while you wait for the stock to recover.

RioCan REIT

Sticking with our theme of owning the best assets, let's pivot to **RioCan REIT** (TSX:REI.UN), one of Canada's largest owners of retail real estate. It owns 220 properties, spanning some 38 million square feet of retail space. It focuses on Canada's six largest cities, with some 90% of assets located in these markets.

The company is in the early innings of an ambitious development program that will see it convert some of its current retail property into mixed-use facilities with retail space on the bottom and apartment buildings on top.

When this development program is complete, it will add up to 28 million square feet of gross leasable space to RioCan's total portfolio, with about two-thirds of that space in the Greater Toronto Area.

Thanks to the recent sell-off, investors now have the chance to buy this terrific company at a discount. Shares recently sunk below book value for the first time in years, and RioCan only trades at 13 times 2019's funds from operations.

The dividend yield is suddenly very attractive too, leaping up to 5.7%. You don't need to worry about this payout either; increased earnings have shrunk the payout ratio to under 80%.

Telus

I believe Canada's telecoms are among the best businesses in the world. **Telus Corporation** (TSX:T)(NYSE:TU) is arguably the top company in this excellent industry. The recent carnage just makes the company an even bigger buy today.

Unlike its competitors, who diversify into lower quality businesses like media, Telus is laser-focused on putting cash to work in high-quality businesses.

Its core business of wireless, cable, internet, and home phones consistently posts terrific margins. And its recent diversification efforts — including further expansion into healthcare and buying European call centers — are also good places to invest.

Telus is currently projected to earn $3.08 per share in 2020. As I type this, shares are a little over $49 each, putting Telus right around 16 times expected earnings, which is relatively cheap. Remember, the stock peaked at $55 just a few weeks ago, and earnings expectations haven't changed.

Similar to the other stocks on this list, Telus offers a fantastic dividend while you wait for the stock to recover. The current payout is 4.7%.

The bottom line

Nobody knows how long this market sell-off might last, so don't bother trying to time the bottom and take advantage of this sale. Your future self will thank you.

CATEGORY

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TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:RY (Royal Bank of Canada)
5. TSX:T (TELUS)

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Date
2025/08/18
Date Created
2020/03/01
Author
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