2 Dirt-Cheap Dividend Stocks To Buy Now!

Description

Dividend stocks should be an integral part to every investor's portfolio. After the COVID-19 market crash and the subsequent plunge in global interest rates, dividend stocks have become even more important to investors.

Right now, there is no yield in bonds (unless you buy junk). One- to three-year Government of Canada bonds average a yield below 0.4% and five to 10-year yield bonds average a yield slightly above 0.4%. While that money is safe, you are effectively losing money after inflation, which is around 1% right now.

No yield in bonds, so buy dividend stocks

So if you are looking for income, today is a great time to invest in cheap dividend stocks. Below are two solid stocks that are dirt cheap. They are both yielding over 5%, yet they have strong business and economic tailwinds behind them. If you need income, they are a perfect place to look.

E-commerce at a discount

With a stay-at-home economy, we have seen e-commerce stocks absolutely skyrocket. Now, many of them feel too expensive to buy today. Yet, if I said that you can buy an e-commerce stock with a dividend yield of 6.7%, your ears might perk up.

Well, there is, and it is called **WPT Industrial REIT** (TSX:WIR.U). WPT has 100 industrial/logistics properties located entirely in the U.S. Its strategy is to develop, acquire and manage logistics properties in key transportation hubs and corridors throughout the U.S.

Its buildings are leased to high-grade, consumer staple or e-commerce related tenants such as **FedEx**, **General Mills**, **Unilever**, Ikea, **Amazon**, and Zulily. E-commerce is rapidly becoming the shopping norm in the U.S. In March alone, e-commerce sales increased a whopping 25%. WPT's properties are well-located and equipped to provide space to accommodate this trend.

Short-term headwinds, but long-term tailwinds

WPT is yielding about 100 basis points higher than its five-year average. The payout ratio is high, at around 98%. This is a concern, as some of its short-term revenues could also be deferred temporarily due to the COVID-19 crisis.

Yet, WPT has a good balance sheet with $166 million in immediate liquidity, limited maturing leases or loans for 2020, and a strong management platform to handle these risks should they arise.

WPT is a great dividend stock. Here you can collect a juicy 6.7% yield and capitalize long-term from the growing e-commerce trend (without paying a massive e-commerce valuation, I might add).

Prosper from the 5G revolution

Telus (TSX:T)(NYSE:TU) is the next dividend stock to add to your radar. While Telus is yielding slightly lower than WPT at 5.15%, it has significantly lower levels of risk.

The company has over 15 million customers and a diversified mix of products/services including wireless, data, broadband, television, and healthcare. Over the past five years, Telus has aggressively invested in its wireless and wireline infrastructure, including installing fibre-optic broadband services across 70% of its network.

Its fibre-optic infrastructure enables Telus to ultimately provide best-in-class network speed and quality. This infrastructure will prove pivotal in implementing 5G in the near future. Telus' infrastructure investments today will propel it to long-lasting returns as demand for data, broadband, WiFi, and the internet-of-things increase.

I also like the way Telus has gradually been diversifying its growth verticals and slowly expanding its healthcare and international services businesses. I believe these businesses will offer diversity in earnings and further opportunities to expand in the future.

Expect dividend growth in 2020

Telus grew its dividend on average by 7% for the past three years. Management expects a strong boost to free cash flow in 2020, so you can expect that dividend to keep growing. The 2020 free cash payout ratio should sit somewhere between 60% and 75%, so the dividend is solid.

This dividend stock is cheap, with a price-to-earnings of 15 times. Telus' dividend yield is trading 89 basis points below its five-year average.

The stock is cheap, the dividends are tasty, and the company has a great tailwinds for the next five years. There is no reason why Telus stock shouldn't rally from here.

CATEGORY

1. Dividend Stocks

2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

Date
2025/09/10
Date Created
2020/04/28
Author
robbybrown