3 Dividend All-Star Stocks to Buy in July

Description

Choosing the right dividend stock can be a challenging exercise. Newer investors may initially be drawn to dividend stocks with sky-high yields. However, these can also be some of the riskiest and most volatile. Instead, Canadians should look to target dividend stocks that have shown reliability and consistency over the years. Today, I want to look at three dividend all-star stocks that are worth holding in your portfolio for the long term.

This energy stock qualifies as a dividend all-star

In late March, I'd discussed why energy stocks were a suitable target for investors on the hunt for discounts. The oil and gas sectors were some of the first to be hit hard due to the COVID-19 pandemic. Fortunately, the global reopening has spurred a demand rebound. This is good news for stocks like **Imperial Oil** (TSX:IMO)(NYSE:IMO).

Imperial Oil is a top Canadian petroleum company. Its shares have dropped 36% in 2020 as of close on July 3. However, the stock has climbed 27% over the past three months. In Q1 2020, the company saw its net income fall $481 million from the prior year due to headwinds generated by the pandemic. Fortunately, Imperial Oil reported strong Upstream volumes of 419,000 gross oil-equivalent barrels per day.

The company boasts an excellent balance sheet as we head into the summer. Shares of Imperial Oil last had a price-to-earnings (P/E) ratio of 9.5 and a price-to-book (P/B) value of 0.6. The stock looks undervalued right now. Moreover, Imperial Oil offers a quarterly dividend of $0.22 per share. This represents a 4.1% yield. The company has delivered dividend growth for 25 consecutive years.

One bank stock to buy on the dip

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is the fifth largest of the Big Six Canadian banks. Shares of CIBC have dropped 12% in 2020 so far. CIBC's hefty dividend and strong track record make it a great candidate for a dividend all-star stock.

Like its peers, CIBC saw its provisions for credit losses soar in Q2 2020 in the face of the COVID-19 pandemic. Fortunately, Canada has managed to bring its case count down to a manageable level and is progressing well with its reopening. This should provide a boost to banks in the weeks and months to come.

Shares of CIBC last possessed a favourable P/E ratio of 10 and a P/B value of 1.1. The stock last paid out a quarterly dividend of $1.46 per share, representing an attractive 6.4% yield. CIBC has achieved dividend growth for nine straight years.

Investors can play defence with this dividend stock

Back in May, I'd discussed why grocery retailers qualified as pandemic-proof stocks. **Empire Company** is a top grocery retailer in Canada. It owns and operates brands like Sobeys, Farm Boy, IGA, and others. Shares of Empire have increased 10% in 2020 so far.

Empire possesses a modest dividend yield of 1.4%, but it remains a strong defensive option in this uncertain environment. Moreover, it has delivered dividend growth for 25 consecutive years. This dividend all-star stock still boasts a favourable P/E ratio of 15 and a P/B value of 2.2.

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