3 Dividend Kings to Buy Cheap Now and Hold Forever

Description

Volatility is an opportunity, but investors who collect dividends regularly will advise you to pick dividend kings for good measure. There are three cheap “kings” you can buy now and hold long term, if not forever.

As stable as its bigger counterparts

Canadian Western Bank (TSX:CWB) is an attractive buy. The current price of $23.05 is off by 26% versus its 2019 year-end closing. However, the bank stock pays a handsome 4.93% dividend. Although this $2 billion is not among the big banks, it has increased dividends 27 years in a row.

Over the last 10 years, the average dividend-growth rate is 9%, while the payout ratio is less than 40%. Canadian Western also maintains the most potent consolidated efficiency ratio among the Canadian banks. From an investment perspective, the bank’s ace would be its growing EPS. The 13% growth over the last three years is remarkable.

The deteriorating economic and financial market conditions are weigh heavily on the operating results of all banks, especially the need to increase loan loss provisions. Meanwhile, Canadian Western Bank should remain stable due to a diversified business model supported by strong capital and liquidity levels.

Easing the pipeline shortage

The shares of **TC Energy** (TSX:TRP)(NYSE:TRP) are also trading at a discount. From $67.23 on December 31, 2019, this premium energy stock is down by 15.5% to $56.83, as of this writing. Income investors, however, should delight in the 5.62% dividend yield. Analysts covering the stock also forecast a climb to $82 (+44.3%) in the next 12 months.

One thing going for this $53.4 billion energy company is its flagship infrastructure project. The TRP Keystone XL Project is underway after more than a decade of waiting. Once complete, the $8 billion development project transport 830,000 barrels of crude daily from the oil sands in Alberta to refineries in the U.S. Gulf Coast.

The Keystone project will solve the perennial pipeline shortage in Canada's oil industry. TC Energy is gaining widespread commercial support, as it was able to secure long-term volume contracts already that cover more than 90% of the pipeline's capacity.

Well positioned for the new normal

Cogeco Communications (TSX:CCA) is worthy of consideration, too. The communication services stock offers a modest but sustainable dividend (2.38%) and price momentum. The shares of this $4.67 billion are down 13.6% year to date, but analysts see the price appreciating from $96.64 to $123 (+27.27%) in the next 12 months.

The dividend-growth streak of Cogeco is 15 years, while the dividend-growth rate is 16%. There should be room for further growth considering its meagre payout ratio of 29.04%.

Cogeco Communications provide essential services (internet, video, and telephony) to residential and business customers in Canada and the U.S. through Cogeco Connexion and Atlantic Broadband, respectively. Both segments are experiencing brisk business due to lockdowns and confinements. The use of online educational and digital entertainment platforms is also spiking.

Expect further business growth when remote or flexible work takes root post-pandemic. Cogeco Communications has the solutions or tools for remote businesses, including data protection or cybersecurity.

Level up

Take your investing activities to the next level in 2020 by investing in dividend kings. You can profit from them and glide along amid the novel coronavirus.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
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2. TSX:CCA (COGECO CABLE INC)
3. TSX:CWB (Canadian Western Bank)
4. TSX:TRP (TC Energy Corporation)

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