



3 Top Dividend Stocks to Buy in August 2020

Description

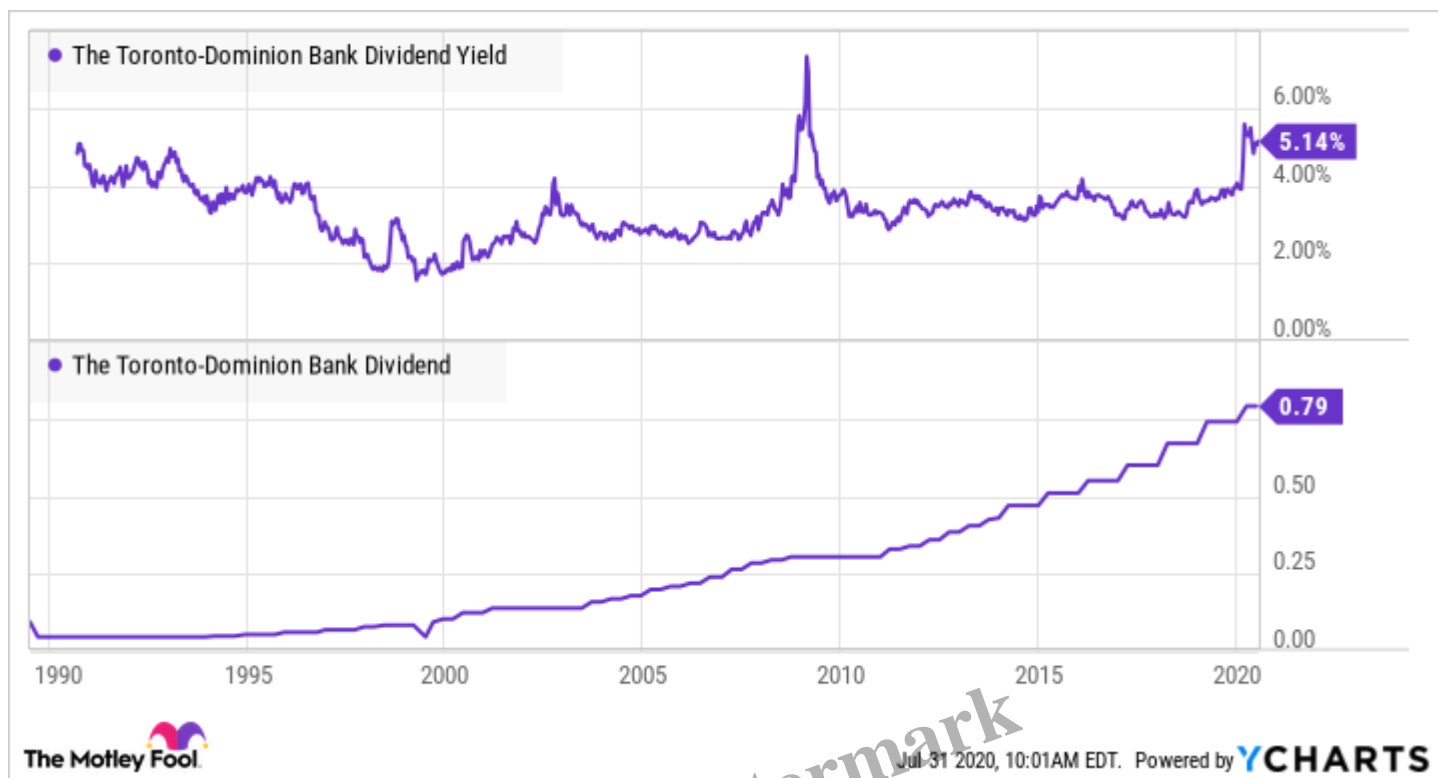
Here are three top dividend stocks that you can consider buying in August. They are a diversified group that's set to deliver a good mix of growth and nice dividend income.

Toronto-Dominion Bank stock

[August is a perfect time to buy](#) some **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock. The quality dividend stock has sold off due to the grim outlook of the North American economy.

The TD stock price appears to have stabilized at about \$59 per share. That's a cheap valuation of about 8.9 times normalized earnings. Therefore, it's an excellent long-term entry point if you believe the economy will eventually recover.

What's neat is that investors don't necessarily need the TD stock price to go up to generate a good return. The top North American bank provides a safe 5.3% dividend yield. Even with a challenging 2020, its payout ratio is estimated to be roughly 63% this year. The high yield compared to history indicates it's a good time to invest in TD stock.



TD Dividend data by YCharts

If you're concerned about the COVID-19 disruptions to the economy, you can wait for the bank to report its fiscal Q3 results on August 27 before deciding whether or not to invest.

Canadian Apartment Properties REIT

Canadian Apartment Properties REIT ([TSX:CAR.UN](#)) or CAPREIT has commanded a premium valuation since 2016. It seems that as the investing community saw how high quality its earnings are, the stock was bid up higher and higher.

Finally, the selloff in the premium stock this year allows interested investors to buy on the dip.

CAPREIT is as solid as ever. Its portfolio is in key growth markets like Toronto, Vancouver, and Montreal. Additionally, it has exposure to Europe for higher growth via ownership stakes in two European REITs, from which it earns recurring revenues for its property and asset management services.

Since 2007, the residential REIT has experienced only one year of earnings per share decline. It's especially important to highlight that it increased its earnings even in 2008-2010, which was around the last recession.

Today, CAPREIT offers a decent yield of close to 2.9% and 12-month upside potential of about 19%, according to analysts.

Brookfield Business Partners

Investors should be ready for a volatile ride with [Brookfield Business Partners \(TSX:BBU.UN\)\(NYSE:BBU\)](#) stock, which has been absolutely battered this year. The growth stock is down 40% despite recovering substantially from the March market crash low.

Management expects 2020 to be challenging for BBU. It can't be helped that the business is sensitive to economic booms and busts. That said, investors can be rewarded with substantial price appreciation when the economy expands again.

Even now, analysts have a 12-month price target of US\$38 on the stock, which represents 42% near-term upside. Nonetheless, it'd be safer to have an investment horizon of at least three years.

BBU has the liquidity to weather and take advantage of this economic downturn to come out stronger in the end.

Since it aims for returns of 15-20%, investors buying it at a discount in August can expect solid returns of closer to 20% per year. You just need to be patient and hold until it's a good time to sell. It also offers a bonus yield of just under 1%. If you time your buys and sells right, this is the kind of stock that'll help you retire early!

Notably, the stock can be especially volatile, as the company will be reporting its Q2 results on Thursday.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BBU (Brookfield Business Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BBU.UN (Brookfield Business Partners)
4. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
5. TSX:TD (The Toronto-Dominion Bank)

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