Canadians: 3 Undervalued Dividend Stocks Yielding up to 6%

Description

The **S&P/TSX Composite Index** fell 45 points on August 13. Energy and telecom were two of the worst-performing sectors on the Canadian market. Today, I want to look at three high-quality dividend stocks that are undervalued while also offering attractive income. Investors who are worried about a pullback in the second half of 2020 should consider stacking stable, income-yielding equities.

This dividend stock looks good as housing rebounds

Genworth MI Canada (TSX:MIC) is a private residential insurance provider that is based in Oakville. Its shares have dropped 24% in 2020 as of close on August 13. However, the dividend stock is up 29% over the past three months.

In Q2 2020, Genworth saw net income rise 3% from the prior quarter to $98 million. Meanwhile, total premiums written increased 17% year over year to $227 million and premiums earned reported 2% growth to $172 million. It suffered from smaller transactional mortgage originations due to slower housing activity. However, soaring activity in June and July will bode well for Genworth in the second half of this fiscal year.

Shares of Genworth last possessed a price-to-earnings (P/E) ratio of 7.9 and a price-to-book (P/B) value of 0.9. This puts Genworth in very attractive value territory. Better yet, the company last announced a quarterly dividend of $0.54 per share, representing a strong 5.8% yield. Housing is back on track in Canada, and Genworth is well worth a look in the middle of August.

Why green energy stocks can soar in the 2020s

Back in July, I'd discussed how millennials could construct a green energy-focused portfolio. Renewable energy saw its share of total generation grow substantially over the course of the 2010s. It is expected to expand even further in this decade, as countries work to transition to a green economy.

TransAlta Renewables (TSX:RNW) is a great dividend stock for investors looking for a green energy pick. Its stock has increased 4.6% in 2020. Shares have climbed 27% year over year.

In the second quarter, TransAlta achieved comparable EBITDA growth of 4% to $115 million. Adjusted funds from operations (AFFO) increased 13% to $90 million. Renewable energy production has greatly increased in the year-to-date period compared to 2019.

Shares of TransAlta last had a favourable P/B value of 1.9. Moreover, it offers a monthly dividend of $0.07833 per share. This represents a tasty 6% yield.

Don’t sleep on this dividend stock in a “sin” space

A “sin stock” is an equity exposed to industries like gambling, alcohol, cannabis, and other similar spaces. **Corby Spirit and Wine** (TSX:CSW.A) manufactures, markets, and imports spirits and wines. Some of its top brands include Wiser’s whiskey, Polar Ice Vodka, and Lot 40 Canadian Whiskey. Its shares have increased 8.7% in 2020 as of close on August 13. Some sin industries have been robust during the pandemic, which is why I’m targeting this dividend stock right now.

In the third quarter of 2020, Corby saw net earnings rise 15% from the prior year to $5.2 million, or $0.18 per share. It posted revenue growth of 7%. Alcohol consumption has experienced a marked increase during the COVID-19 pandemic in North America. In its outlook, Corby management said that its results had not yet been negatively impacted by the crisis.

Corby stock last had a favourable P/E ratio of 17 and a P/B value of 2.7. It last declared a quarterly dividend of $0.20 per share, which represents a solid 4.9% yield.

CATEGORY

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2. TSX:RNW (TransAlta Renewables)

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