Got $3,000? 3 Dividend All-Star Stocks to Buy and Hold

Description

Back in May, I'd discussed whether investors should "sell in May and go away." Murmurs over high valuations and a sketchy economy had already grown loud at the time. Fast forward to the middle of August, and North American markets are still on a roll. Predicting the timing of a market correction is a fool's errand.

However, we should not ignore indicators that show this market is overvalued. Today, I want to look at three dividend all-star stocks that are worth scooping up for investors who have cash to use.

This dividend all-star stock is on the recovery path

PrairieSky Royalty (TSX:PSK) is a Calgary-based company that holds crude oil and natural gas royalty interests across Canada. Its shares have dropped 35% in 2020 as of close on August 13. However, the stock has climbed 16% month over month. This dividend all-star stock is on the recovery path in the energy sector.

In the second quarter of 2020, the company delivered funds from operations (FFO) of $21.3 million compared to $58 million in the prior year. This was a significant decline from Q2 2019, but it was still a solid result in a very challenging macro environment. In June, the company still declared a quarterly dividend of $0.06 per share. This represents a 2.5% yield.

Shares of PrairieSKy last had a favourable price-to-book value of 0.9. It is still trading on the lower end of its 52-week range.

One undervalued stock with a strong history of income increases

Thomson Reuters (TSX:TRI)(NYSE:TRI) is a multinational media giant based in Toronto. Its stock has climbed 8.1% in 2020. Shares have increased 14% year over year. Thomson Reuters is a dependable dividend all-star that looks undervalued at the time of this writing.

The company released its second quarter 2020 results on August 5. Revenues fell 1% from the prior year to $1.40 billion and cash flow from operations soared 288% to $422 million driven by higher costs and investments in 2019.

Its shares currently possess a price-to-earnings ratio of 23, putting Thomson in favourable value territory relative to industry peers. It offers a quarterly dividend of $0.38 per share, which represents a 2% yield.

A dividend all-star stock in the energy space that is undervalued

Inter Pipeline is the last dividend all-star stock I want to look at today. This company is engaged in the petroleum transportation and storage, and natural gas liquids processing businesses in Canada and Europe. The stock has dropped 34% so far this year. Shares have jumped 29% in a three-month span.

Oil sands transportation funds from operations (FFO) rose slightly from the previous quarter on the back of higher capital free revenue.

Shares of Inter Pipeline last had a P/E ratio of 18 and a P/B value of 1.4, putting the stock in attractive value territory in the middle of August. It was forced to reduce its monthly dividend payout to $0.04 per share, representing a 3.3% yield.

CATEGORY

1. Dividend Stocks
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