# 3 Dividend Stocks for Yield-Starved Investors at a 15-30% Discount

## Description

As interest rates are low and could continue to remain lower for an extended period, paltry yields of debt instruments are unlikely to attract investors. While the dividend-paying stocks could be an excellent proxy for yield-starved investors, most of the stocks' recovery after the selloff has driven valuations higher.



Luckily, a few **TSX**-listed stocks offer fat dividend yields and are available at a good 15-30% discount from their pre-pandemic levels. If you are looking for stocks at a reasonable valuation and high dividend yield, consider buying these three stocks.

## Enbridge

With its shares down over 21% on a year-to-date basis, **Enbridge** (TSX:ENB)(NYSE:ENB) is among the top stocks offering a fat dividend yield at a good value. The lower throughput volumes amid a decline in crude oil prices have taken a toll on Enbridge's top and bottom line and, in turn, its stock. However, its dividend payouts are safe, thanks to the contractual arrangements and diverse cash flow streams.

Enbridge's adjusted EBITDA and distributable cash flows are supported by long-term contracts, with the majority of these contracts having terms that reduce the volume or price risk. Meanwhile, Enbridge's gas transmission and renewable power business remain strong, thanks to the reservation-based revenue contracts and power-purchase agreements.

Despite the significant disruption from the pandemic, the energy infrastructure giant stood by its previous guidance and continues to expect its distributable cash flows per share of $4.50 to $4.80 in 2020. Also, its secured growth program could continue to support its distributable cash flows in the coming years.

The company has been paying dividends since 1953 and currently offers a robust dividend yield of 8.4%.

## Bank of Montreal

**Bank of Montreal** (TSX:BMO)(NYSE:BMO) has been paying dividends since 1829, which is incredible. While the lower interest rates and higher provisions amid the pandemic weighed on the banks' financials, Bank of Montreal's diverse revenue streams and continued growth in loans and deposits support the top line and payouts.

In the most recent quarter, Bank of Montreal's top line improved on a year-over-year basis, while its pre-provision, pre-tax earnings recorded 12% growth.

The bank has consistently increased dividends over the past several years, thanks to the healthy growth in its earnings. Moreover, with an expected decline in provision for credit losses in the coming quarters, Bank of Montreal's payouts look pretty safe.

Its stock is down over 16% year to date and offers a high dividend yield of 5.2%.

## Bank of Nova Scotia



Next on the list is another top Canadian lender **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). With a year-to-date decline of 19% and a yield of 6.4%, Bank of Nova Scotia is a must-have in your income portfolio. The bank has been increasing its dividends at 6% annually over the past decade, thanks to its high-quality earnings.

With an uptick in economic activities and expected downtrend in allowances for credit losses, Bank of Nova Scotia stock could witness an appreciation in the share price. Meanwhile, continued volume growth, improving efficiency, and sustained momentum in its personal and commercial and wealth business suggest that its payouts are safe.

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3. NYSE:ENB (Enbridge Inc.)
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