3 High-Yield Dividend Stocks That Are Dirt Cheap

Description

Back in July, I'd focused on Canadian stocks that qualified as dividend all-stars. Today, I want to look at three dividend stocks with high yields that look undervalued in the middle of October. Discounts are rare on the TSX right now, which makes it all the sweeter when investors can pick up an underpriced nugget. When that stock offers income, it provides the cherry on top.

This high-yield dividend stock is undervalued in a struggling sector

Energy stocks have struggled in 2020 with oil and gas taking a hit due to the COVID-19 pandemic. Fortunately, a gradual reopening has brought some of the industry back to life.

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a Calgary-based company that provides transportation and midstream services for the energy industry in North America. Its shares have dropped 36% in 2020 as of close on October 14. The company released its second-quarter 2020 results on August 6.

Management still expects Pembina to achieve adjusted EBITDA in the range of $3.25 billion to $3.55 billion in 2020 — albeit on the lower end of the range. This is an impressive feat, as the COVID-19 pandemic has ravaged the energy sector. Pembina has suffered a decline in physical volumes, as lower crude and NGL prices have led to lower producer activity.

This dividend stock last declared a distribution of $0.21 per share, representing a monster 8.8% yield. Shares of Pembina possess a price-to-earnings (P/E) ratio of 16 and a price-to-book (P/B) value of 0.9. This puts the dividend stock in attractive value territory.

A property-focused stock to consider today

Like energy, real estate has also faced major challenges during this pandemic. **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) owns, operates, and develops one of the largest portfolios of office, retail, multifamily, industrial, and various other assets. Shares of this dividend stock have dropped 23% so far this year.

In Q2 2020, Brookfield Property Partners reported funds from operations (FFO) of $178 million compared to $335 million in the prior year. Brookfield stock last had a very favourable P/E ratio of 8.9 and a P/B value of 0.4. In its most recent quarter, it announced a quarterly dividend of $0.3325 per share. This represents a high 7.3% yield. Brookfield is facing challenges as the COVID-19 pandemic has raised many questions for commercial property. However, it is still worth a look for those on the hunt for discounted high-yield dividend stocks.

This insurance dividend stock still looks cheap today

Last month, I'd discussed why investors should continue to target insurance and financial services giant **Manulife Financial** (TSX:MFC)(NYSE:MFC). This dividend stock has fallen 26% in 2020. However, shares have been mostly flat over the past three months.

Manulife released its second-quarter 2020 results on August 5. Core earnings rose 5% year over year to $1.6 billion. Moreover, it reported Wealth Asset Management inflows of $5.1 billion — up from neutral net inflows in Q2 2019. Its business still looks very strong, as it wrestles the challenges associated with this devastating pandemic.

Shares of Manulife currently have a favourable P/E ratio of 9.8 and a P/B value of 0.7. It last declared a quarterly dividend of $0.28 per share, which represents a tasty 6% yield. I'm still very bullish on this dividend stock for the long haul.

CATEGORY

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1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BPY.UN (Brookfield Property Partners)
4. TSX:MFC (Manulife Financial Corporation)
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