Got $1,000? Buy These 3 UNDERVALUED Dividend Aristocrats Right Now

Description

In general, a market crash is a perfect time to load up on value stocks. However, with the massive bull run over the past several months, it's tough to find stocks that are trading cheap. While a majority of the TSX-listed stocks have regained their lost ground, I find significant value in a few top TSX stocks that could deliver above-average returns in the coming years.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) recovered all of its losses and is now trading in the green (on a year-to-date basis), thanks to the economic reopening and lower financial pressure on individuals and businesses due to the government's grants. The announcement of vaccine candidates from **Pfizer** and **Moderna** further uplifted investors' sentiments.

Despite the recent buying, shares of Bank of Montreal trade cheap compared to its peers. Bank of Montreal trades at a P/TBV (price-to-tangible book value) of 1.5, which is about 22% lower than the peer group average.

Besides the bank's low valuation, its robust dividend profile attracts and further strengthens my bullish outlook. Bank of Montreal has paid dividends for 191 years. Moreover, it has raised its dividends at a compound annual growth rate of 6% over the past decade.

Bank of Montreal could deliver strong financials in the coming quarters, fueled by the uptick in loans and deposit volumes and decline in provisions for credit losses. The Dividend Aristocrat's payout ratio is sustainable in the long run, suggesting that the bank could continue to raise its dividends in the future.

Canadian Utilities

Canadian Utilities (TSX:CU) is a top dividend stock that is trading cheap. Its stock is trading at a forward EV/EBITDA multiple of 10.5, which is about 20% lower than its peer group average. Moreover, it is trading at a discount compared to its historical average.

Besides trading cheap, Canadian Utilities continues to boost investors' returns through higher dividend payments. Its robust dividend payment history makes it a top stock for passive-income investors . Moreover, its continued investments in regulated and contracted assets and cost-cutting measures are likely to drive its high-quality earnings base and drive future dividends.

Thanks to its attractive valuation and continued dividend growth, Canadian Utilities stock offers a high dividend yield of 5.5%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) stock has surged about 23% in one month, thanks to the optimism over the COVID-19 vaccine and reopening of the economy. Despite the recovery, Enbridge stock is still trading at a fair amount of discount compared to its pre-pandemic levels and offers an excellent entry point for investors seeking value and income.

Recently, the Dividend Aristocrat raised its dividend for the 26th consecutive year, reflecting the strength of its core business and its ability to continue to deliver robust cash flows. Enbridge now pays a quarterly dividend of $0.84, reflecting a dividend yield of 7.8%.

Enbridge is likely to outperform the broader markets in the coming years, thanks to the expected improvement in its mainline volumes, its diversified revenue streams, cost savings, and investments in renewable assets.

Meanwhile, its low valuation and high dividend yield make it a top investment option at the current levels.

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1. Bank Stocks
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TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CU (Canadian Utilities Limited)

5. TSX:ENB (Enbridge Inc.)

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