
Got $3,000? Buy These 3 Top Dividend Stocks on Sale Right Now

**Description**

Thanks to the run-up in equities following the March selloff, stock market valuations are looking stretched. However, a few TSX stocks still look attractive on the valuation front. Meanwhile, these companies are Dividend Aristocrats, implying they have strong fundamentals and a long history of higher dividend payments.



## A top Canadian lender trading at a discount

While the Canadian bank stocks recovered sharply from the March lows, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) still looks attractive on the valuation front. Bank of Montreal trades at a price/book value ratio of 1.1, reflecting a 14% discount to its peer group average of 1.3.

Moreover, its price/tangible book value ratio of 1.3 is approximately 21% lower than its peer group average. Besides offering good value, Bank of Montreal pays an annual dividend of $4.24 a share, translating into a yield of 4.4%.

The leading Canadian bank has raised its dividends at a compound annual growth rate (CAGR) of 6% over the past several years. Meanwhile, it has been paying dividends for the past 191 years.

I believe the economic reopening and vaccine distribution could lead to an uptick in loans and deposit volume in 2021 and drive Bank of Montreal's revenues. Meanwhile, the expected decline in provisions and efficiency improvement could cushion earnings and drive its dividends.

## This power producer offers good value

**Capital Power** (TSX:CPX) continues to impress with its strong operating and financial performance. Thanks to its highly contracted portfolio and young fleet of long-life assets, Capital Power has increased its dividends at a CAGR of 7% in the last seven years. Meanwhile, its annual dividend of $2.05 a share translates into a high yield of 5.8%.

The power producer trades at a forward EV/EBITDA multiple of 8.4, reflecting a discount of 31% from its peer group average of 12.3. It trades at a price/earnings ratio of 16.4, which is also well below the peer group average of 20.1.

Capital Power's contracted assets, strong growth opportunities, and geographical expansion position it well to deliver healthy growth in the coming years. Meanwhile, its low valuation and high yield make it an attractive investment option. Also, the company projects a 7% growth in its annual dividend for 2021.

## Energy giant with an over 8% yield

While an uncertain energy outlook weighed on **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stock, its highly contracted business and resilient fee-based cash flows continue to support the dividend payout.

Pembina stock is down about 32% in 2020. Meanwhile, its forward EV/EBITDA ratio of 9.2 is approximately 19% lower than the peer group average. Pembina uninterruptedly paid its monthly dividends, despite significant demand erosion and supply-chain disruption from the pandemic.

Pembina has raised its dividends at a CAGR of 6.5% over the past five years. Meanwhile, it pays an annual dividend of $2.52 a share, reflecting a yield of 8.3%.

While Pembina's high-quality and diversified assets are likely to cover its dividend payouts in 2021, vaccine distribution could accelerate the pace of recovery in the energy sector, cushion its earnings, and drive its dividend higher.



**CATEGORY**

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing

**TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CPX (Capital Power Corporation)
5. TSX:PPL (Pembina Pipeline Corporation)

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