Passive-Income Investors: 3 Canadian Dividend Stocks I'd Buy Right Now

Description

Many dividend stocks still have yields that are on the higher end of the historical range. If you're willing to go against the grain with some of the more out-of-favour defensive stocks out there, I think there's ample long-term value to be had. Right now, the utilities, insurers, and telecom stocks are feeling the pressure, as investors have piled into growthier assets for a shot at superior returns.

While the following high-yield stocks may be out of favour in the current environment, I think they're still worthy of picking up if you're looking for passive income and steady long-term appreciation. Moreover, each name is so beaten up such that I don't think they'll take on as much damage come the next market-wide correction, which many folks on the Street seem to think we're in for over the coming weeks and months.

In any case, I'd consider shares of **BCE** (TSX:BCE)(NYSE:BCE), **Great-West Lifeco** (TSX:GWO), and **Canadian Western Bank** (TSX:CWB), which currently sport juicy dividend yields of 6.3%, 5.6%, and 4%, respectively.

BCE: A telecom behemoth with a huge dividend yield

I've said it before, and I'll say it again: BCE is a telecom that's likely to be among the first of firms to see its top and bottom line recover to 2019 levels once the pandemic ends. Even if COVID-19 variants of concern cause intermittent lockdowns through year's end, BCE has a balance sheet that's strong enough to weather any further waves.

The appetite for mobile data may be muted now, but I suspect data demand to rebound in a big way once shut-in consumers upgrade to those data-hungry 5G devices. The juicy dividend is more than safe and comes at a discount to those willing to hang in through another turbulent 12 months or so.

Great-West Lifeco: A dividend darling under pressure

Great-West Lifeco is a Canadian insurer and wealth manager that's been heavily shorted in recent months. Fellow Fool Ambrose O'Callaghan referred to the stock as a "dividend all-star" that was under short assault.

While I don't suspect a WallStreetBets-style short squeeze in the name anytime soon, I think that the bearish thesis will stand to get weaker as we march into the post-COVID world. The company recently clocked in decent fourth-quarter results, with strength in Canada.

The stock trades at 0.48 times sales, 1.36 times book, and 9.9 times next year's expected earnings, making the bruised financial too cheap to ignore for value hunters looking for reopening upside.

Canadian Western Bank: Cheaper than its bigger brothers

Canadian Western Bank is a regional bank that's becoming less regional with time. Over the next several years, I expect the stock will face a re-valuation to the upside, as it expands beyond western Canada. In the meantime, CWB will be heavily exposed to Alberta, which felt the pain when WTI prices crashed back in March and April of 2020.

Alberta is slowly climbing back, and I expect this to be reflected in coming quarters for Canadian Western Bank. The bank may be less geographically diversified versus most of its Big Five peers, but that doesn't mean the bank doesn't have to meet strict capital requirements. The stock trades at 0.9 times book, making it cheaper than most of its bigger brothers in the Canadian banking scene.

I think the discount is unwarranted and would encourage investors to accumulate shares for the well-covered dividend and the deeply discounted price of admission.

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CWB (Canadian Western Bank)
4. TSX:GWO (Great-West Lifeco Inc.)

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