3 Cheap Canadian Dividend Stocks to Buy This August

Description

As July passes, earnings season heats up for Canadian stocks. That means we get quarterly updates on how our favourite companies are doing. Sometimes the market reacts strangely to different earnings results.

It can actually be a great opportunity for investors to buy solid Canadian dividend stocks, if they happen to dip. Here are three Canadian stocks that are in many cases cheaper than peers, but have very good outlooks for the rest of the year and beyond.

A top Canadian infrastructure stock

Last Friday, **Enbridge** (TSX:ENB)(NYSE:ENB) reported really solid numbers for its second quarter. GAAP earnings were down year over year; however, adjusted earnings per share were up 19% to $0.67.

The company produced $2.5 billion of distributable cash flow or $1.24 per share. It continued to reaffirm its EBITDA guidance of $13.9 billion to $14.3 billion, which projects year-over-year growth of 4.5% to 7.5%.

The company continues to make strong progress on its capital pipeline. It expects its Line 3 replacement project to be in service by the end of the year. In fact, by year-end, Enbridge could bring $10 billion of projects into service.

This means room for rate base expansion and likely, solid cash flow growth next year. This stock pays an ample 6.75% dividend, but there could be dividend increases and further capital upside this year.

A leading Canadian telecom stock

TELUS (TSX:T)(NYSE:T) is a top Canadian dividend stock you don't want to miss out on. For a mixture of growth, income, and defence, this is a great stock to buy and tuck away in your portfolio. It too released earnings last Friday, and the numbers came in very strong.

It continued to lead the market with net new customer additions of 223,000. This lead to revenues surging by 10.3% to $4.1 billion. Net income also climbed 15.5% over the second quarter of 2020. This largely beat analyst consensus expectations.

This Canadian stock keeps impressing me for its durability and capacity to think outside the box. The company's spending on fibre optic broadband across its network is paying off and leading to strong customer growth.

Likewise, it is enjoying a strong performance from its digital verticals like TELUS International, TELUS Health, and TELUS Agriculture. The market has hardly factored the potential of these verticals into its valuation, so I still believe there is capital upside for TELUS.

TELUS pays a 4.6% dividend today. It just raised that by 8% earlier this year. Given its strong outlook, that could continue to rise heading into the next few years.

A top real estate stock

With a market capitalization of just $522 million, **BSR REIT** (TSX:HOM.U) may not be as recognized as the Canadian large-cap stocks mentioned above. Yet, this is a stock I really like in this current environment.

First, it pays a nice 3.7% dividend. For an apartment real estate stock that is pretty attractive. Second, BSR actually operates 100% in the U.S. sunbelt. Its portfolio of attractive garden-style apartments is located in some of the fastest-growing municipalities in North America. That means rental demand is strong and rental rates have been rapidly rising. This is a great inflation hedge.

Finally, BSR has a great management team that is highly aligned with shareholders because they are large shareholders. They have significant experience in their core markets and know how to deploy capital into attractive acquisition opportunities.

Despite this, BSR continues to trade at a discount to peers, and its assets on the public market trade at a discount to those on the private market. As a result, I believe this Canadian stock has a strong thesis for income and capital returns this year and for years ahead.

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