



The 2 Best Dividend Stocks to Buy While They're Cheap

Description

Dividend stocks have come out on top as the best buy these days. The **TSX** today continues to trade at all-time highs. August finished with a bang, and now investors may believe the recovery is well underway. But I wouldn't get too comfortable. Until there is herd immunity, Motley Fool investors are, unfortunately, stuck in a situation where there could be another dip at any moment.

If that's the case, you'll want cheap dividend stocks that will continue paying, even during tough times. So, here I'm going to cover the two best dividend stocks on the TSX today I'd buy during this market recovery that remain cheap.

Power up

If you want dividend stocks that are going to last, you'll want to look at finance companies. These companies may be affected during a dip, but they have long-term growth strategies that Motley Fool investors can't ignore. It's like having your own team of investors working for you! That includes **Power Corporation of Canada** ([TSX:POW](#)), an international [finance management](#) firm.

At first, Power looks like any other finance company. It offers insurance, finance management, real estate, and all that. But here's where it's different: Power has also started investing in a series of growth opportunities for the future. This includes commodities such as mining, retail, and business outsourcing. Further, it now generates renewable energy power through solar and wind assets and manufactures zero-emission vehicles!

The company's recent earnings were incredibly impressive. Revenue came in at \$994 million — an increase of 49% year over year! Adjusted net earnings reached \$1.02 billion compared to half that the year before. Yet here's the thing: with all this, the company is one of the dividend stocks trading at a P/E ratio of 11.05, making it of significant value.

Today, you can pick it up with a dividend yield of 4.10%. Shares are up 53% year to date, with analysts believing some more growth is on the way.

Drive on

Another area of significant growth in the future is the automotive sector. There is a shift towards cars producing clean energy, so really any company even related to the automotive industry [should benefit](#) over the next decade and beyond. That goes for dividend stocks like **Automotive Properties REIT** ([TSX:APR.UN](#)).

Automotive Properties focuses on investing in automotive dealerships across Canada. It currently has 66 on the books throughout the country. It can also claim to be the [only REIT](#) that focuses primarily on these dealerships. True, this proved difficult during COVID-19 restrictions. But with those restrictions easing, the company has already seen a massive increase in cash.

The company is fully leased with 100% contractual base rent collected. The company is poised for further acquisition opportunities, and this, along with a recovery in sales, should continue to boost revenue. During the latest report, Automotive Properties didn't have too much exciting news, but the key was that there were no losses. Revenue and net income — all of it was up. The best news was that the company went from a loss of \$23,356 the year before in net income to a gain of \$17,858!

Shares of this company have increased — it's up 27% already this year. And if you're looking for top dividend stocks, this is one to consider for the yield alone at 6.1% as of writing —all while trading at an incredibly cheap P/E ratio of 6.47!

Bottom line

There are a lot of strong dividend stocks out there, but these two are the best, in my opinion. Both are in strong rebound industries with balance sheets to support future growth. And, indeed, these companies are already on the hunt for new opportunities. So, for Motley Fool investors looking for opportunities on the TSX today, these two have the share price and dividend yield you want.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:POW (Power Corporation of Canada)

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