3 Canadian Dividend Stocks to Buy on Sale

Description

Not everything that's on sale is worth buying, especially in the stock market. Some undervalued and discounted stocks aren't going through a phase. They are in the process of a steady decline, which can culminate into disastrous capital losses.

You are more likely to buy dividend stocks on sale because the inverse relationship of market value and yield is usually quite attractive. So, make sure you are buying into a company that can afford its dividends for years to come.

A commercial REIT

Artis REIT (TSX:AX.UN) is an office-heavy commercial REIT, that is, 45% of its portfolio is made up of office properties, about 35% is industrial, and the rest is retail. The portfolio of 203 commercial properties is also spread out (quite evenly) in two countries: Canada and the U.S.. Almost similar net operating income was generated from the two countries in the last quarter.

The REIT is on sale from two perspectives: value and price. It's still about 8.5% down from its pre-pandemic peak and is currently trading at a price-to-earnings ratio of 4.6 times. And it's offering a decent 5% yield. The capital appreciation potential of the REIT is not worth factoring in.

The dividends, however, are pretty strong. They are supported by a payout ratio of 22%, and the REIT has grown its payouts three times since 2019. But it also slashed its dividends in half in 2018.

An insurance company

While it's not uniform across the industry, a few insurance stocks had a great run after the pandemic-driven crash. One of these stocks is the **Great-West Lifeco** (TSX:GWO). The company has grown its market value by about 92% since the market crash. And it reached an all-time high during the post-pandemic recovery phase.

But an amazing growth run means that the company is not discounted per se, though it *is* fairly valued, almost a bargain considering its juicy dividend yield of 4.5%. As a financial services holding company (that focuses primarily on insurance), the company has other business facets as well. It also has a global presence, primarily in North America and Europe.

A healthcare REIT

NorthWest Health Properties REIT (TSX:NWH.UN), as the name suggests, is a commercial REIT that focuses on one asset class, in particular, that is, healthcare properties. This particular asset class tends to be stable and practically timeless. It's more likely to see an increase in influx and demand than see a major fall in prices and desirability as an asset class.

The REIT is currently trading at a price-to-earnings of 9.3, even though the price itself is 1.3% higher compared to the pre-pandemic peak. And even though it's just slightly undervalued, the 5.9% yield makes it a great sale/bargain. Its capital appreciation potential is better than non-existent.

Foolish takeaway

The three dividend stocks, especially the two REITs, don't offer infallible dividends. During aggressively adverse market conditions, the companies may slash their dividends, but the track record so far has been reliable enough. And since the market, in general, is expected to be bullish for a while yet, the companies might sustain or even grow their payouts.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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