3 Undervalued Dividend Stocks With Yields Over 5%!

Description

Dividend stocks have to be one of the best items Motley Fool investors can keep in their investment portfolios. But that's especially true when it comes to a Tax-Free Savings Account (TFSA). You aren't just putting cash aside and creating returns, and you aren't just bringing in passive income from dividend stocks; you can take out that cash any time you want *tax free*.

But there's another huge benefit. Let's say you meet your contribution room year after year. You can then use the income from your dividend stocks to reinvest in your portfolio! It's a little loophole that allows you to reinvest without going beyond your contribution limit and risking penalties.

With that in mind, let's look at three undervalued dividend stocks you can pick up today. Each provides great value and yields above 5% to boot!

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) has to be one of my favourite dividend stocks. The company continues to push past 52-week highs, making its way back to 2018 levels. Furthermore, it has a dividend yield of 6.08% as of writing, dished out each month. Yet it remains undervalued, currently boasting a price-to-book ratio of just 1.58.

And yet Pembina stock is growing. The company continues to get its pipeline projects online and is making partnerships for the future. One such partnership will create income for the next decade or so through the Alberta Carbon Grid's carbon capture program. Pembina will use its existing pipelines to transport carbon dioxide from emissions, where it will be stored in geological formations.

Motley Fool investors have already seen year-to-date gains of 24% from dividend stocks like Pembina. Yet analysts believe it has another 7% more to go in the next year — especially as gas prices continue to climb.

NorthWest Healthcare

NorthWest Healthcare Property Units REIT (TSX:NWH.UN) is another top performer among dividend stocks. It owns a diverse range of healthcare properties around the world, creating consistent income, even during the pandemic. Yet again, it remains highly valuable with a dividend yield of 5.91% and a P/E ratio of 6.65.

NorthWest took the opportunity to get in on lower interest rates around the world to expand its empire. While boasting a high occupancy rate and rent collections, it purchased properties in the Netherlands and an Australian healthcare REIT. And what's great about the company is its consistent revenue growth, with lease agreements averaging 14.1 years around the world!

Shares of NorthWest stock are up 6% year to date, with another 7% for the next year according to analysts. That makes this a strong long-term hold among dividend stocks for Motley Fool investors.

Suncor stock

Finally, **Suncor Energy** (TSX:SU)(NYSE:SU) recently boosted its dividend, doubling it back to where it was before the pandemic went worldwide in February 2020. Today, Motley Fool investors can pick up a yield of 5.2%! Yet investors continue to seem wary about Suncor stock and its future.

Rightly so. Suncor stock went through a lot during the pandemic, yet it's also set to continue climbing with gas prices soaring. While it doesn't have a great strategy when it comes to renewable energy creation, for the next decade or more, investors are sure to see strong growth from Suncor stock. That's what makes it so undervalued right now, with a P/B ratio of 1.4 and EV/EBITDA of 14.6 with revenue improving.

Shares of Suncor stock are up 39% year to date, which you won't see much from other dividend stocks — especially ones so undervalued. So, it could be one to watch for Motley Fool investors seeking passive income for the next decade or so.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:SU (Suncor Energy Inc.)

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