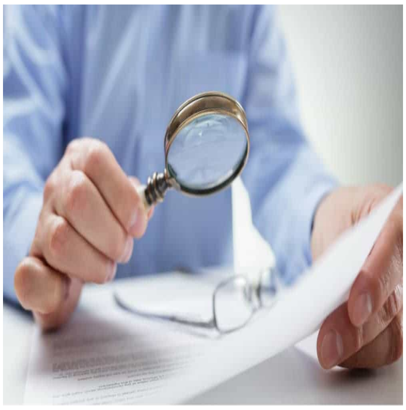

2 Under-the-Radar TSX Stocks With Solid Dividends to Watch

Description

Under-the-radar TSX stocks can go underpriced for a longer time than many of the blue-chip names that are constantly in the spotlight of the mainstream financial media. Indeed, mid-cap names that you don't hear too often are more prone to severe mispricings, both to the downside and upside.

It's the job of investors to spot mispricings, so they can get the most "extra" value for their invested funds. Indeed, value investing is all about getting the most out of every dollar. At the end of the day, you want to get more for less. And your odds are greater with some of the under-the-radar names that many may have forgotten about.

TSX dividend stocks for any Canadian watchlist

In this piece, we'll have a look at two Canadian names with robust, growing dividends and valuations that appear too good to pass up going into year's end. Consider **Cascades** (TSX:CAS) and **SmartCentres REIT** (TSX:SRU.UN), which boast commanding dividend yields of 3.5% and 6%, respectively, at writing. Shares of both have been quite uneventful over the past few quarters and may be a compelling value option for value-conscious, passive-income investors looking to outperform the **TSX Index** in 2022.

Indeed, it's not hard to put the broader TSX to shame. But investors must not chase past results in order to do so. Instead, they must focus on solid fundamentals and try to get as wide a margin of safety as possible to better weather any further volatility.

Cascades

Cascades is a tissue product manufacturer that's quite sensitive to input costs. Indeed, its input costs have been a pretty wild ride over the past few years, and that's weighed heavily on a stock that many would dismiss as too boring or unpredictable due to its dependence on input commodity prices. The firm makes good use of recycled fibres, making it a more ESG-friendly play for investors seeking a solid dividend payout and a low beta to batten down the hatches for when market waters stand to get rougher

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Recently, Cascades clocked in a per-share loss of one cent for its third quarter, thanks in part to less favourable input cost movements.

Currently, the stock trades at 0.3 times sales, which, I believe, is as close to a bargain-basement price as you'll get in this kind of market. With a nearly zero beta (0.03), expect shares of CAS to be little-moved from COVID variants or any sector-based corrections, like the one endured by high-multiple growth stocks. While the yield (3.5%) may not seem too bountiful compared to most other ultra-high-yielding securities, I think the name provides the perfect combo of value and income with the added benefit of a low correlation to the broader markets.

SmartCentres REIT

SmartCentres REIT is a retail REIT that has the ambitious goal of becoming a more mixed-use property play in the future, with plans to expand into residential. Indeed, retail real estate isn't the best place to be amid the COVID pandemic, with much of the physical retail business going to digital sales channels. Still, SmartCentres has wonderful tenants that are unlikely to fold at the hands of the continued rise of e-commerce.

Moreover, SmartCentres also stands to enjoy multiple expansion that will come from its efforts to combine the best of residential and retail real estate with its ongoing projects. With a nearly 6% yield, SmartCentres is a magnificent long-term, passive-income play and possibly one of the best REITs to buy in Canada. Retail REITs aren't loved today, but as the economic reopening continues, look for Smart to pick up traction on route to new highs.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAS (Cascades Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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joefrenette