3 Cheap Dividend Stocks I'd Buy Now if I Had $1,000

Description

If you're looking for solid returns, explore cheap dividend stocks that have no problem sustaining their dividend growth. Here are three **TSX** stocks you can investigate today. They are dividend stocks I would consider buying if I had an extra $1,000.

Enbridge stock

When it comes to a cheap dividend stock for passive income now, the first TSX stock that pops to my mind is **Enbridge** (TSX:ENB)(NYSE:ENB) stock. It has paid dividends for almost 70 years! And it has increased its dividend regularly for the last 25 consecutive years. However, the Canadian Dividend Aristocrat offers something more — a big, juicy dividend yield right now! At about $48 per share, it yields about 7.1%. This passive income beats stashing your money in the bank, as it's expected to grow over time.

Global demand for all kinds of energy is increasing. Existing energy infrastructure is crucial in the transition to lower carbon output. As an essential business that transports crude oil and natural gas to support the smooth running of the North American economy, Enbridge generates resilient cash flows through market cycles.

Importantly, analysts believe the dividend stock is cheap enough to generate total returns of about 22% over the next 12 months.

Brookfield Renewable

If you're not too sure about Enbridge that has little exposure to renewable generation, you can turn to **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) that's a pure play in renewable power generation. It's a timely dividend stock to buy, as it trades near its 52-week low. Analysts believe the dividend stock is cheap and can lead to total returns of approximately 30% over the next 12 months, including a 3.7% yield.

BEP is one of the largest publicly traded, pure-play, renewable power platforms investors can buy. Its portfolio consists of hydroelectric, wind, solar, and storage facilities in North America, South America, Europe, and Asia. Therefore, it can invest in the areas that are most strapped for cash for the best risk-adjusted returns.

Year to date, the dividend stock increased its funds from operations (FFO) per unit by 11% to US$1.12, which suggests a payout ratio of about 81% in the period. The company estimated that normalized FFO per-unit growth of 20% to US$1.28 was even stronger.

Chartwell Retirement Residences

Chartwell Retirement Residences (TSX:CSH.UN) is another undervalued dividend stock. Investors would love that it pays out a monthly cash distribution. At about $11 per share, it yields roughly 5.4%.

Chartwell is a leading operator in senior housing across key markets in Canada. Geographically, it owns about 52% of its portfolio in Ontario, 30% in Quebec, 10% in British Columbia, and 8% in Alberta. In the long run, it's poised to benefit from a growing aging population. Notably, 91% of its net operating income comes from private retirement homes; only 9% originates from long-term-care homes.

The stock is down due to lower occupancy from COVID-19 pandemic impacts and the sale of non-core properties. So, it is a turnaround stock candidate post-pandemic. Analysts believe the undervalued dividend stock can deliver total returns of about 30% over the next 12 months.

For example, Scotia Capital analyst Himanshu Gupta gave the monthly dividend stock a "Sector Outperform" rating last month with a 12-month price target of $14. Gupta stated, "CSH is the only name in our universe which is trading at 10%+ discount to NAV, and 5%+ distribution yield."

CATEGORY

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CSH.UN (Chartwell Retirement Residences)
5. TSX:ENB (Enbridge Inc.)

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