



Forget Cheap Stocks: 2 Top Performing Dividend Stocks to Buy Now

Description

The appeal of buying stocks while they are cheap makes a lot of sense. Of course, you want to buy stocks as cheaply as possible in order to get the most bang for your buck. But often, stocks that are cheap are priced that way for a reason. So in this market environment, top-performing dividend stocks are some of the best to buy now.

When stocks become cheap, it's usually because they face a certain headwind or are at higher risk than normal. And in an uncertain environment like we're in today, these stocks are likely to continue to remain out of favour.

Instead, there are high-quality stocks that continue to perform well, that can protect your portfolio, return you cash, and will most likely even perform better in the short term. Here are two of those top-performing dividend stocks to buy now.

One of the best Canadian energy stocks to buy now

Energy stocks have been some of the top performers for over a year now. And recently, they've seen another significant tailwind as a result of the war in Ukraine. But despite the fact that most of the massive growth is behind these stocks, many still offer investors an excellent opportunity.

That's why rather than looking to buy cheap stocks that are out of favour right now, you may want to consider one of the best Canadian dividend stocks you can buy, **Freehold Royalties** ([TSX:FRU](#)).

Freehold is a company that earns a royalty from other energy companies producing oil and gas on the land that Freehold owns. It's a lower-risk way to gain exposure to the booming oil and gas sector.

As prices rise and even as production rises, Freehold naturally sees an increase in its revenue. And with such low variable costs, most of that increased revenue flows directly to the bottom line.

So in the current market environment, Freehold is one of the best dividend stocks to buy for a few reasons. First, at the current share price, Freehold offers a [yield](#) that's upwards of 6.4%. In addition,

that dividend is extremely safe and has a tonne of potential to be increased again later in the year. Not to mention the stock itself has capital gains potential as well.

Therefore, in this uncertain environment with significant inflation and sky-high energy prices, high-quality and high-yield dividend stocks like Freehold are some of the best investments to buy now especially compared to cheap stocks.

One of the best long-term investments you can own

In addition to Freehold, another high-quality Canadian stock trading right around its all-time high is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). Brookfield is another one of the very best dividend stocks you can buy, and certainly one you'll want to consider over cheap stocks.

The company owns high-quality assets diversified all over the world. And because these are infrastructure assets, their operations and the cash flow they earn are extremely robust. But Brookfield isn't just a defensive company. It's also an incredible long-term [growth stock](#).

Plus, with roughly three-quarters of its revenue tied to inflation, it's a company that can see a significant boost in the current environment.

So although Brookfield continues to set new highs, it's still one of the best Canadian dividend stocks to buy now and certainly worth consideration over cheap stocks that are out of favour.

Plus, in addition to all the long-term growth potential Brookfield has, it also pays a distribution that offers investors a yield of more than 3.25% today.

Therefore, given all the uncertainty in markets today, Brookfield is one of the best investments to add to your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:FRU (Freehold Royalties Ltd.)

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