



3 Oversold Dividend Stocks to Load Up on Now!

Description

Canadian dividend stocks have outperformed in 2022. However, even dividend stocks have not been immune to severe downswings in the stock market lately. The good news is that the pullback has created better opportunities to buy dividend stocks at more attractive valuations.

Offset market volatility by owning great dividend stocks

Chances are good the market will continue to remain volatile in 2022. There are plenty of things to worry about. So, having some exposure to dividend stocks is a great idea. In the near term, the stock market is incredibly unpredictable.

As a result, it is nice to receive a regular, [predictable stream of cash](#) dividends. If you are looking to add some defensive dividend stocks to your portfolio, here are three oversold stocks I'd look to buy now.

Brookfield Infrastructure Partners: A top dividend-growth stock

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is one of the best Canadian stocks for a combination of defensive assets, dividend growth, and capital appreciation. It operates a diversified infrastructure portfolio across the world. Its wide mix of contracted and regulated assets provide a well-balanced, reliable mix of cash to the business.

Brookfield actually [benefits when inflation soars](#), because it captures higher activity volumes through its networks. Likewise, many of its contracts are inflation-indexed. So, inflation soars, and so does its contracted cash flows.

BIP stock recently corrected by 5% and is trading in a more attractive valuation range. Likewise, it is now yielding a 3.5% annual distribution. Brookfield Infrastructure has a long history of annually increasing its dividend and it just raised its quarterly distribution again by 6%.

Royal Bank of Canada: Safety in size

Another oversold dividend stock is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Its stock is down by more than 7% in the past few weeks. It has returned to its pricing level set prior to a strong autumn 2021 run up. With a market capitalization of \$183 billion, Royal Bank is the largest bank in Canada and Canada's most valuable public company.

Its size, scale, and diverse operational structure help make this a relatively low-risk stock. While the economy is uncertain, it should hopefully benefit from higher interest margins as interest rates rise.

Today, this Canadian stock pays a \$1.20 dividend every quarter. That equals an annual 3.7% dividend yield today. RBC has a great history of increasing its dividend annually by a high single-digit rate.

Dream Industrial REIT: Cheap, high-quality real estate

As interest rates have risen, many [real estate](#) stocks have declined. People are concerned that increasing interest costs will impact real estate returns. That is true in some instances but not all. That is why **Dream Industrial REIT** ([TSX:DIR.UN](#)) looks very attractive today.

This REIT has been doing almost everything right. Over the past few years, it has significantly reduced debt and it extended the length of its financing. Today, it pays an average interest rate that is below 1%!

This is one of Canada's largest industrial real estate businesses. As inflation soars, it has been enjoying high-teens rental rate growth. That tailwind has supported +10% cash flow-per-unit growth for the past few years. This trend is likely to continue.

Its stock has pulled back more than 18% this year. Consequently, this stock pays an attractive 5% dividend yield today. If you want long-term exposure to the fastest-growing real estate class in Canada, this is a great stock to buy and hold for passive income today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:DIR.UN (Dream Industrial REIT)
5. TSX:RY (Royal Bank of Canada)

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