Market Selloff: 2 High-Quality Canadian Dividend Stocks Trading Undervalued

Description

The current market environment creates a great opportunity. While it's normal to initially fear a selloff, after the strong performances many stocks have had over the last couple of years, investors should welcome the opportunity to buy stocks when they're cheap. And now, as volatility has picked up, there are even plenty of high-quality Canadian dividend stocks trading undervalued.

default watermark

For a while, it was mostly growth stocks and tech stocks that were selling off. Now, though, the selloff includes stocks across the board. Therefore, investors have the opportunity to buy some of the highest quality and most reliable businesses in Canada while they are trading undervalued. This is an opportunity you don't want to ignore.

If you're looking to take advantage of the current selloff, here are two of the best dividend stocks that Canadian investors can buy, both trading significantly undervalued.

A top Canadian Dividend Aristocrat in the real estate sector

Many real estate stocks have been selling off in recent weeks, as rising interest rates look to impact margins. However, despite these headwinds, after a more than 30% reduction in the price of **InterRent REIT** (TSX:IIP.UN), it's now one of the best Canadian dividend stocks you can buy, as it's trading well undervalued.

InterRent may not offer the most significant yield for investors. However, because the REIT is such a high-quality and reliable business, it's constantly increasing its distribution each year. So, it's no surprise that InterRent is a Canadian Dividend Aristocrat and one of the best you can buy today.

Typically, InterRent doesn't offer much of a yield, because it's retaining most of its capital to invest in growth. However, with that being said, after its current selloff, the REIT now offers a yield of roughly 2.7%.

The main reason to buy InterRent, though, is due to the impressive growth potential that it offers. For years, it has grown investors' capital rapidly, significantly outpacing many of its peers but also the

Canadian housing market.

Therefore, while InterRent is trading undervalued, it's certainly one of the best Canadian dividend stocks to buy.

One of the best Canadian dividend stocks to buy while it's undervalued

In addition to InterRent, another high-quality growth stock that pays a safe and reliable dividend is **goeasy** (TSX:GSY), a specialty finance stock.

Just like InterRent, goeasy isn't first thought of as a dividend stock. In recent years, it's only paid out a small amount of its capital, while it's invested the rest in growing its business.

However, with all that growth now paying off, it recently began to return more cash to investors, most recently increasing its dividend payments by over 30%. In addition, with the stock now roughly 50% off its 52-week high, the dividend yield has climbed to an attractive 3.3%.

Just like InterRent, though, goeasy is worth an investment due to its insane growth potential. The dividend that currently yields 3.3% and is increased each year is all just a bonus.

default watermark

So, with goeasy trading at a forward price-to-earnings ratio of 9.2 times, it's certainly one of the most undervalued Canadian dividend stocks to consider in this market.

According to analysts, not only is goeasy's net income expected to grow more than 35% by the end of 2023, but analysts also expect its annual dividend to be more than $4.00 a year by then.

So, if you're looking for a high-potential stock to buy in this market environment, of all the Canadian dividend stocks that have sold off recently, goeasy is one of the most undervalued.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:IIP.UN (InterRent Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

8. Yahoo CA

PP NOTIFY USER

1. danieldacosta
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/25
Date Created
2022/05/10
Author
danieldacosta

default watermark

default watermark