2 Insanely Cheap TSX Dividend Stocks to Buy Right Now

Description

The **TSX Index** has nearly hitting official "market correction" territory. It is down just slightly over 8% in the past month. Even oil stocks that have been soaring in the year are down substantially over the past few weeks.

There is *a lot* of carnage in the market today. However, this may be a gift for patient, long-term investors. As Warren Buffett once thoughtfully remarked, "The true investor welcomes volatility … a wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses."

Use market volatility to load up on top-quality TSX dividend stocks

Certainly, there is plenty to be fearful about. However, the market always factors in the worst-case scenario. Yet, if proved untrue, it can swing to the upside rapidly. That is why it is best to keep calm and hold onto your portfolio.

In the same way, if you have some excess capital, many TSX stocks have become very cheap and look like attractive buys right now. In fact, here are two cheap dividend stocks that I would consider picking up while the market remains irrational.

A top infrastructure stock with a history of strong dividend growth

B**rookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) is down 8.5% since the middle of April. It has given up nearly all the gains it earned earlier in the year. Yet, this is the economic environment that Brookfield thrives in.

Over 70% of its assets have some sort of inflation-indexation in their contracts or regulations. As inflation soars, so do its rate base and subsequent cash flow returns. Likewise, it operates everything from ports to railroads to LNG export terminals and gas-processing plants. Many of these benefit from strong energy pricing/demand and high-volume throughput.

Today, this TSX stock pays an attractive 3.6% dividend yield. It just upped its quarterly dividend rate by 6% earlier this year. It has a long history of increasing that dividend by the high single digits. Given its potential to generate mid-teens cash flow-per-unit growth, this stock is relatively cheap at only eight times free cash flow.

A top real estate stock to hedge against inflation

Another irrationally cheap dividend stock to consider today is **BSR REIT** (TSX:HOM.U). If you are looking for a way to hedge against inflation, multi-family real estate is an attractive asset to hold. BSR owns a high-quality portfolio of 31 garden-style multi-family apartments in Texas and Oklahoma.

These are located in some of the fastest-growing jurisdictions in the United States. Consequently, the REIT is enjoying substantial rental rate and fund from operation (a REIT profitability metric) growth. It just reported its first-quarter results. It saw funds from operation per unit increase year over year by 75%! Rental rates grew 12% in the quarter alone!

Despite solid growth metrics, this dividend stock has declined 16% over the past few weeks. Today, BSR trades at a 25% discount to its net asset value. That means you can buy its real estate cheaper on the public markets than you can in a private transaction.

BSR pays a near 3% distribution yield. Given its strong expected cash flow growth in 2022, investors could see that distribution continue to grow in the years to come. For a combination of growth, value, and income, this is a wonderful dividend stock to buy today.

CATEGORY

1. Dividend Stocks
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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:HOM.U (BSR Real Estate Investment Trust)

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