



## 3 Undervalued Dividend Stocks to Buy Right Now

### Description

Equity markets in 2022 have been decimated due to a range of macroeconomic factors. As growth stocks have grossly underperformed the broader markets, investors are looking to park their funds in low-risk assets.

Right now, it makes sense to identify dividend-paying, blue-chip companies trading at a reasonable valuation. Dividend stocks allow investors to generate a steady stream of dividend income, making them attractive to income-seeking investors.

Here, we look at three such [undervalued dividend-paying stocks](#) Canadians can buy right now.

### Dream Industrial REIT

**Dream Industrial REIT** ([TSX:DIR.UN](#)) is an industrial real estate investment trust (REIT) that has fallen almost 30% in 2022. The company provides storage and assembly lines through its industrial properties across Canada and Europe, which suggests there are hardly any upkeep costs for the REIT. Its net rental income for Q1 stood at \$65.3 million — a 40.0% increase when compared to \$46.7 million in the year-ago period.

Dream Industrial REIT offers a dividend yield of 5.9%, given its stock price of \$11.92. Analysts tracking the stock expect shares to rise more than 55% to \$18.44 in the next 12 months. The stock is a bargain at this price, and as the physical world returns to normal, investors can count on Dream Industrial REIT for regular cash flow.

### Bank of Montreal

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is one of the Big Six banks in Canada. The stock has entered oversold territory like most Canadian banks.

BMO announced a dividend increase of 25.9% compared to last year offering investors a yield of 4.5%.

It is the fifth time in five years that the bank has increased its dividends (it has paid dividends every year since 1829), and its dividend has grown at a CAGR (compounded annual growth rate) of 6.63% over the last decade. For good measure, BMO has said that it will likely increase its dividend by 4.51% in August.

BMO is also in the process of buying Bank of the West for US\$16.3 billion, allowing it to add over 500 branches in California and other states.

BMO stock is currently trading at \$125.30, and the average analyst target price for it is \$154.29, indicating an upside potential of 23%.

## Parkland

The final stock on my list is **Parkland** ([TSX:PKI](#)), a supplier and marketer of fuel and petroleum products. Parkland is also a food and convenience store operator and has interests in renewable energy.

In Q1, Parkland reported net earnings of \$55 million, an increase of 90% year over year. The company moved seven billion litres in fuel volumes in the March quarter, rising 26% compared to the year-ago period, on the back of strong consumer demand. Its EBITDA (earnings before interest, tax, depreciation, and amortization) for the renewable fuels segment stood at \$25 million.

Parkland offers investors a dividend yield of 3.85%, given its stock price is \$33.8. The consensus price target estimate is \$47.5, indicating an upside of more than 40%.

An investment of \$5,000 in each of the three stocks will allow you to generate close to \$700 in annual dividend income.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:PKI (Parkland Fuel Corporation)

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