3 Undervalued Dividend Stocks Worth Buying in H2 2022

Description

Dividend stocks have become trendy.

That's right; the age of anything that's hyper-growth is out. Companies with stable (or "boring") business models that earn consistent cash flow and pay a portion of its earnings back to shareholders in the form of dividends — that's attractive to investors.

Having a source of income in retirement is great. However, for younger investors, being able to reinvest those distributions into an existing portfolio provides more compounding. Accordingly, no matter how you slice it, dividend stocks have a lot to offer investors of all ages.

Three dividend-paying stocks I think are worthy of a look right now due to their valuations are **Suncor** (TSX:SU)(NYSE:SU), **Granite REIT** (TSX:GRT.UN), and **Enbridge** (TSX:ENB)(NYSE:ENB). Here's why I think investors may want to consider these stocks in the second half of this year.

Top dividend stocks to buy: Suncor

Suncor features a host of positive features. The company owns a substantial amount of distribution and refining assets. This indicates that its wealth is not tied to just crude oil's raw price. Moreover, margins for refining have jumped to new levels this year, adding increased profitability to Suncor's business.

Another major perk of Suncor is its size. It is a huge Canadian company. The company also benefits from a probable life-long operation. This is because oil sands are long-term assets. For those taking a long-term view on the importance of energy security, this 4.7%-yielding stock, trading under 10 times earnings, certainly seems attractive.

Granite REIT

Granite REIT is a Canada-based REIT that focuses on logistical, warehouse, and industrial properties in Europe and North America. The company currently owns around 119 properties in these locations.

Besides a robust business model, Granite REIT offers a 3.4% dividend yield. It constantly focuses on increasing the dividends per year and maintains a considerable payout ratio of 80%. This indicates that the trust can grow its portfolio without cutting its dividend-growth profile.

Moreover, industrial assets are diminishing in North America. As a result, the popularity surrounding e-commerce and the demand for warehousing infrastructures will maintain the demand for Granite REIT. The company's diversification in Europe also opens income avenues for investors setting their foot outside North America.

At 3.2 times earnings, this REIT is a steal.

Enbridge

Enbridge is one of North America's most significant pipeline systems featuring a market cap of around $82 billion. The stock offers a robust dividend yield of 6.4% and a dividend-growth streak of over 27 years. That said, Enbridge seems to be one of the most reliable bets in Canada when it comes to income generation.

Trading at around 20 times earnings, Enbridge is the most expensive stock on this list. However, there's good reason for this. Enbridge has among the most impressive networks of natural gas and crude oil pipelines in North America. Thus, again, for those seeking exposure to the energy security trade, Enbridge is a great way to go.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:GRT.UN (Granite Real Estate Investment Trust)
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