



3 Stocks I Own and Will Buy More of if They Fall

Description

Here are three dividend stocks that I’d buy more of if they fell. Some are obviously riskier than others, as you will see below.

A beaten-down TSX stock

Aecon ([TSX:ARE](#)) stock has been in a major selloff. The construction stock lost about half of its value in the last 12 months due to writedowns mentioned below. Taking a contrarian view, Pundit Ryan Bushell just picked it as one of his top picks on *BNN* this month:

“They had a tough quarter after many of solid results. They had to take write-downs on some fixed-price contracts. However, they signed their biggest-ever contract with Metrolinx. They are the only qualified constructor of nuclear plants, which are seeing a renaissance now amid the energy shortage.”
Ryan Bushell, president and portfolio manager at Newhaven Asset Management.

Aecon’s history shows it is a cyclical business with roller-coaster like earnings. So, it’s impressive that it kept a decent dividend-paying track record. Specifically, it has maintained or increased its dividend every year since 2009.

The stock sold off so much that it now yields 6.8%. The dividend yield is so high that the market is essentially expecting a dividend cut. Indeed, its profits are not sufficient to cover its dividend this year. But theoretically, it has retained earnings that can cover about nine years of dividends. Certainly, management could temporarily maintain the dividend if it wanted to.

On reporting improved results down the road, the stock is likely to trend higher, like it has countless times in the past. For illustration, here’s a graph of its long-term price action. Investors need to have patience and faith. Then perhaps they could pocket nice dividends and price appreciation over the next three to five years, as the stock could be worth about \$20 per share.

	VAL	CHG	% CHG		
Aecon Group Inc (ARE.TO)	10.89	+0.26	+2.45%		
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ARE data by YCharts

TD stock

Understandably, volatile, high-risk stocks like Aecon aren't for everyone. For a lower-risk dividend stock, investors can consider **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock. The big Canadian bank stock's price action has been weak in the last few weeks, but TD stock has held up the best by being down only a few percentages versus the worst performer, which is down about 13%.

In a longer view, the quality [bank stock](#) is down more than 20% from its 52-week and all-time high. At \$84.11 per share at writing, TD stock trades at about 10.3 times earnings, which implies a discount of about 14% from its long-term normal valuation.

Importantly, there's no ambiguity about the bank stock's dividend safety. It pays a secure dividend, yielding just over 4.2%. In the trailing 12 months, it reported net income of more than \$14 billion, resulting in a sustainable payout ratio of approximately 41%.

Brookfield Infrastructure

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) stock has been on a run since the March 2020 pandemic market crash. This year, the stable utility stock corrected more than 15% from peak to trough, which was a rare opportunity to pick up shares for a higher yield. However, the opportunity came and went with the blink of an eye. Buying opportunities for quality [dividend stocks](#) don't necessarily come very often. Investors need to seize the opportunity when it arises.

Being a global infrastructure owner and operator, BIP is able to choose from tonnes of growth opportunities internationally. This is one reason why it is one of the best-performing utilities on the **TSX**. Consequently, if you've bought shares already, it may be a good idea to employ a buy-and-hold approach.

Personally, I'd be looking to buy more on dips. Its current yield of about 3.5% is not quite enticing enough for me to buy more shares at the moment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ARE (Aecon Group Inc.)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:TD (The Toronto-Dominion Bank)

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