



3 Dirt-Cheap TSX Stocks (With +5% Yields) to Buy Right Now

Description

The **TSX Index** of stocks is down 13.5% this year. It just hit a new one-year low. However, many TSX stocks are down by much, much more. Undoubtedly, there is a lot to worry about. Inflation has remained elevated, and central banks keep raising interest rates.

Many TSX stocks are cheap and trading with high dividend yields

[Bear markets](#) can be very tough for investors. Nobody enjoys seeing their portfolio decline. Yet bear markets can also be great buying opportunities for investors willing to look several years out.

[Stock market crashes](#) feel like they are permanent. Yet history has demonstrated they never are. If you can swallow the volatility, here are three dirt-cheap TSX stocks that trade with elevated dividend yields (+5%) and have solid growth prospects ahead.

A solid Canadian real estate stock

Dream Industrial Real Estate Investment Trust ([TSX:DIR.UN](#)) has experienced a severe 38% drop in 2022. The market is discounting [REITs](#) like Dream Industrial because of rising interest rates and a slowing economy.

It has 257 multi-tenanted [industrial properties](#) split 65% in Canada and 35% in Europe. These are high-end properties that are over 99% occupied. Industrial real estate demand has been very strong in 2022. That has fueled record rental rate growth and strong +10% cash flow per unit growth.

Industrial real estate fundamentals remain very strong, but the market seems to ignore it. As a result, investors can pick up Dream Industrial for only 12 times funds from operations.

It is one of the cheapest industrial REITs in Canada or the United States. This cheap TSX stock also

earns a substantial 6.4% dividend yield that pays investors monthly!

A large-cap TSX energy stock

Even after rising 15% in 2022, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is still incredibly cheap. This TSX stock only trades for 5.69 times last 12-month (LTM) trailing earnings.

Its stock has recently pulled back 18%. The stock market is fearing a recession and oil prices have fallen from over US\$100 per barrel to around US\$76 today.

Yet even at today's oil prices, Suncor can earn a significant amount of spare cash. It can be cash flow positive when oil is as low as US\$28 per barrel. With its balance sheet rapidly improve, Suncor is in a much more sustainable position than previously.

The company has an activist shareholder involved, and I suspect this could unlock some long-term value. Certainly, there are some risks, but investors can collect a 5.1% dividend while they wait for the turnaround to unfold.

A diversified utility with growth and income

Another dirt-cheap stock to consider today is **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). This premium utility stock earned a 245% total return over the past decade. Nearly 60% of that return would have been from its growing stream of dividends in that time.

It has grown its dividend by a compound annual growth rate (CAGR) of 9.2%. Today, investors can lock in a yield of 5.44% on this stock. That is a significant spread from its five-year dividend yield average of 4.33%. It only trades with a forward price-to-earnings multiple of 15.8. That is a bargain when compared to other pure-play regulated utilities.

70% of Algonquin's business comes from regulated utilities and 30% comes from its [renewable power](#) platform. These are both essential assets that earns sustainable cash flows. The company is looking to acquire a large utility in Kentucky.

Once completed that could provide meaningful high single-digit growth looking forward. For a combination of value, income, safety, and modest growth, this is a great TSX stock to consider buying today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:DIR.UN (Dream Industrial REIT)

5. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. robbybrown

Category

1. Dividend Stocks
2. Investing

Date

2025/09/28

Date Created

2022/10/02

Author

robbybrown

default watermark

default watermark