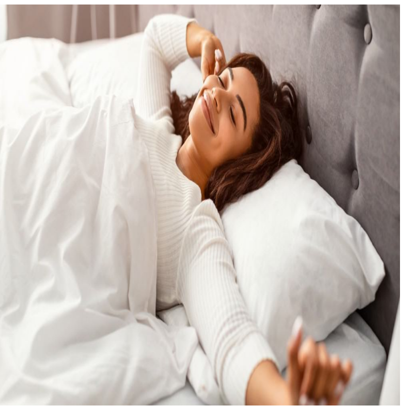

2 Cheap Dividend Stocks to Power Your Income Fund

Description

Don't expect market volatility to calm down anytime soon. Things remain incredibly uncertain, with a hawkish Federal Reserve that doesn't seem to be willing to give investors or the market a break as it hunts down high inflation. Indeed, high inflation and rate hikes seem to be a toxic cocktail for stocks these days. Regardless, investors can find comfort in cheap dividend stocks with safe and sound payouts.

Your portfolio may be down by double digits, but you need not worry, especially if you're continuing to rake in cash dividends or distributions. Inflation won't stay in the clouds forever. At this pace, we may see inflation be chopped down considerably over the next several months. Indeed, the bulls seem to think that this relief from inflation will induce a market surge, as the Fed may consider a broader range of options, including rate cuts.

For now, the Fed has promised nothing. The data-dependent central banker could keep rates at an elevated level, even after inflation takes a nosedive. If markets also continue retreating, one has to think that the extra tool (rate cuts) available to the Fed may be leveraged.

For now, it's not a good idea to bet on a pivot or speculate on whether the next round of CPI results will miss the mark. Instead, focus on nabbing quality and insist on companies that pay a dividend!

Check out shares of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **Sleep Country Canada Holdings** (TSX:ZZZ), two stocks with dividend yields north of 3% and modest valuation multiples.

Restaurant Brands International

Restaurant Brands International is a wonderful company that may finally be getting things right, as I noted in prior pieces. The company really wants to bring out the best in its banners. Though many would rather adopt a "wait and see" approach. I'd argue that doing so could leave the biggest gains on the table.

Recently, Restaurant Brands announced big moves over at Burger King. While Burger King is hardly the weakest link of the four brands under the firm, it has the most potential for upside over the next 18 months. Burgers are tasty, and they're that much tastier on the value menu in a recession year!

With US$400 million committed to restaurant restorations and ad campaigns, Burger King may finally be ready to take market share that it lost amid the rapid rise of many rival burger chains.

Now, only time will tell if the hundreds of millions in spending will pay dividends. Regardless, Burger King seems to have a gem in Tom Curtis, a man taking the helm at Burger Kings in the U.S. region. Curtis brings in a wealth of experience as a top-level exec in the quick-serve industry.

With new talent and boatloads of money to spend, I think QSR is about to enter a bull market of its own making. Of course, there are always recession tailwinds that could help the cause.

Sleep Country Canada

Sleep Country is a boring mattress retailer that's down more than 45% from its 52-week highs. Recession risk has been the name of the game. And unfortunately, it's been a rude awakening for the many shareholders who've hung on this year.

At just eight times trailing price-to-earnings (P/E), ZZZ stock seems like a bargain. In Canada, Sleep Country is a dominant force. And its 3.85% dividend yield is a thing of beauty. Though recessions do not bode well for expensive purchases, Sleep Country could wheel and deal amid the market carnage. Management previously expressed interest in gobbling up firms amid the choppy market waters.

Sleep Country isn't a stock to sleep on! But it is one with a dividend that can help you sleep more comfortably at night.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)
3. TSX:ZZZ (Sleep Country Canada)

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1. Investing

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