



The 3 Best Dividend Stocks to Buy Today

Description

There is no universal definition of the best dividend stock. There are certain characteristics some of the best dividend stocks share, but few dividend stocks have all of them. Still, at any given time, some dividend payers stand out from the rest. Right now, there are three such stocks you may consider for your dividend portfolio.

An iron stock

Base metals might not seem as glamorous as precious metals, but they can be excellent investments, especially if you are tapping into the market with the right stock. **Labrador Iron Ore Royalty** ([TSX:LIF](#)) is a great pick for dividends. The first thing you need to know about its dividends is they are unpredictable. The payouts have been different for every single of the last eight quarters.

Still, the dividends are usually generous, so is the yield, and the payout ratio is typically stable. The company also occasionally issues special dividends, but that's not something you should be counting upon. It's currently offering a juicy 7.4% yield, and it's moderately undervalued compared to other [mining stocks](#).

A REIT

Killam Apartment REIT ([TSX:KMP.UN](#)) offers a very modest 3.8% yield, which is quite low compared to its peers, especially if you consider the 23% discount it's trading at. But it's still one of the best dividend stocks you can invest in today, because of its growth potential, fair valuation, and the financial sustainability of its payouts.

The stock grew by about 100% in the four years preceding the 2020 crash. That averages out to a growth of about 25% a year. Assuming it can offer the same growth in the next long-term bull market after the housing market has stabilized, you may grow your capital by a significant margin.

You will also receive decent dividend payouts backed by a solid payout ratio of 38.7% (for now), which

has yet to reach 70% since 2016.

A mortgage investment company

Firm Capital Mortgage Investment ([TSX:FC](#)) is one of the few [small-cap stocks](#) currently trading on the TSX that are offering a strong yield. The company is currently offering a mouthwatering 7.9% yield, thanks mostly to the 23.4% discount it's currently trading at, since it hasn't raised its dividends for quite a while.

The payout ratio of 100% hardly inspires confidence in the company's ability to sustain its dividends, but you shouldn't analyze it in isolation. It has hovered near the 95% mark since 2013, breaking out in a few years, but the company has managed to sustain its payouts so far, and the finances seem stable enough for the company to maintain its payouts in the future as well.

Foolish takeaway

The three dividend stocks can offer you a good mix of yields, sustainability, and capital-appreciation potential, especially considering two of them are discounted right now. Once they start recovering, the yield will go down, so you may consider locking the good yields as soon as possible.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FC (Firm Capital Mortgage Investment Corporation)
2. TSX:KMP.UN (Killam Apartment REIT)
3. TSX:LIF (Labrador Iron Ore Royalty Corporation)

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