



2 Absurdly Cheap Canadian Stocks With Stellar Dividends

Description

Value investing is a tried-and-true strategy for investors seeking long-term wealth growth. Investing in shares of companies trading below their intrinsic values allows you to leverage capital gains to grow your portfolio's value in the long run. Finding and investing in [undervalued stocks](#) requires conducting your due diligence and making carefully weighted decisions.

As of this writing, the **S&P/TSX Composite Index** is down by 8.8% from its 52-week high in March 2022. The Canadian benchmark index has rallied in the last few weeks, up by 10.6% from its July 14 levels. Despite the double-digit rally over the last month, many companies have underperformed the broader market, presenting value-seeking investors with several long-term buying opportunities.

Even better still, several high-quality dividend-paying stocks trade for significantly lower prices right now. Depressed valuations have inflated dividend yields for such dividend stocks. As the market stabilizes further and stocks recover to better valuations, we will see dividend yields go down.

Today, I take a look at two cheap dividend stocks with over 4% dividend yields you could consider investing in today for long-term value and dividend income.

BCE

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is a \$59.7 billion market capitalization Canadian telecom giant. The company provides wireless and wireline internet and telecommunications services to roughly 10 million customers throughout Canada.

BCE is a defensive stock due to the essential nature of the service it provides. The telecom's revenue streams tend to hold up well during economic downturns, and it has the liquidity position to invest in projects to fund its growth despite uncertain economic environments.

As of this writing, BCE stock trades for \$65.41 per share and boasts a 5.63% dividend yield. Down by 11.7% from its 52-week high, BCE stock trades for a considerable discount at current levels. The company is expanding its 5G network and investing \$5 billion in capital projects.

BCE is gearing up to increase its cashflows, with a massive growth runway ahead. Now could be the perfect time to invest in its shares for reliable passive income and solid growth potential.

Sun Life Financial

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) is a \$36.5 billion market capitalization Canadian financial services company known primarily for its life insurance business. One of Canada's biggest life insurance companies, Sun Life also offers retirement and wealth management services to customers in Canada, the US, and Asian markets.

The insurance industry expects a continued slowdown in COVID claims this year. Together with cancer and infant care, these claims helped push up the number of Sun Life's million-dollar+ claims 37% from 2018 to 2021. As the company continues to diversify globally, the US health and benefits and asset management businesses each led with 30%-plus growth in net income in Q2 2022 over the year-ago quarter. These two businesses represent about 52% of revenues.

As of this writing, Sun Life Financial stock trades for \$62.31 per share and boasts a 4.43% dividend yield. Down by 16% from its 52-week high, Sun Life stock also trades for a significant discount at current levels.

The last 10 years have seen Sun Life stock deliver annualized returns of around 13.4% and steady dividend growth. Investing in its shares as it trades below its all-time high could be an excellent long-term bet to consider.

Foolish takeaway

Finding dividend stocks on the **TSX** yielding higher than 4% is not difficult. However, it is important to identify stocks with the potential to deliver greater total returns in the long run. Investing in undervalued stocks can provide you with that opportunity.

BCE stock and Sun Life Financial stock could be worthwhile additions to your portfolio for this purpose.

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Date

2025/08/18

Date Created

2022/08/22

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