5 High-Yield Stocks to Buy After the Crash

Description

Stocks are crashing, but you already know that.

Why they've tanked is important. While there are many explanations, the biggest worry is that the country's economy is shifting down into a lower gear.

There's good reason to think it will. Governments are tailing off stimulus. Consumers are saddled with debt. And the nation's resource industries are hampered by falling commodity prices.

So if business stalls out, then what should you do with your cash? You could do worse than own dividend-paying companies. The idea is that if the capital appreciation side of stocks peter out, dividends can still carry you along with respectable returns.

The good news for investors is that falling equity prices means higher yields. As a result of the recent crash, some stocks now sport eye-popping payouts. Here are five.

Company	Current Yield
Dream Office REIT (TSX:D.UN)	8.9%
RioCan REIT (TSX:REI.UN)	5.5%
BCE Inc (TSX:BCE)	4.7%
Rogers Communications Inc (TSX:RCI.B)(NYSE:RCI)	4.8%
Emera Inc (TSX:EMA)	4.1%

Source: Google Finance

Emera is straightforward: it's an electric utility serving Maine, Atlantic Canada, and the Caribbean. Maritimers turn on the lights, you get paid — simple, lucrative, and predictable. If business profits plateau, then utilities like Emera will provide some of the best returns around.

Owning real estate trusts like RioCan and Dream may be a smart move relative to other options. Consider a “safe” 30- year Government of Canada bond. You’re tying up your capital for the next three decades at a meager 2% interest rate. And when your principal is finally repaid, those dollars will have lost much of their buying power.

So if lending money is one of the dumbest things you can do, then borrowing it is quite possibly the smartest. RioCan and Dream purchase properties today with fixed rate mortgages. Then they pay back the debt in the future with cheaper dollars. Better yet, their tenants continue to pay rent month after month even after the loans have been repaid.

Finally, BCE and Rogers crank out some of the highest distributions around. They’re both shunned by investors because future profit growth will be meager at best. The wireless story has almost run its course and the landline business is on its last legs.

Then again, no one should think that a stock yielding 4% plus will produce much in the way of growth. You’re paying for the dividend and not much else. However, those who sit and reinvest their distributions should handily beat most other investors over the years.

Not a bad deal if you ask me.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:D.UN (Dream Office Real Estate Investment Trust)
5. TSX:EMA (Emera Incorporated)
6. TSX:RCI.B (Rogers Communications Inc.)
7. TSX:REI.UN (RioCan Real Estate Investment Trust)

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