



2 Dividend Picks for Contrarian Investors

Description

Sometimes investors find hidden gems mixed in among all the carnage in a down market.

Here are the reasons why I think dividend investors with a contrarian investing style might want to consider **Potash Corporation of Saskatchewan Inc.** (TSX:POT)(NYSE:POT) and **Corus Entertainment Inc.** ([TSX:CJR.B](#)).

Potash

One look at Potash's latest results is enough to send most investors running for the hills.

The company is battling with weak U.S. demand, drought conditions in India, and a global battle for market share by the world's handful of potash producers.

As a result, prices are falling with little respite in sight.

The company recently slashed its dividend, and the current distribution is still expected to equal a payout ratio of 100% based on the company's 2016 guidance, so a further meltdown in the market could result in another dividend cut.

Where's the good news?

More pain might be on the way in the near term, but the big picture for the Potash and its products is pretty attractive, and that's where contrarians see an opportunity.

Global farmers are faced with a big task in the coming years as demand for food is expected to rise significantly, while farmable land continues to decrease. This means fertilizer use should grow at healthy clip.

Potash is a low-cost producer and is at the tail end of a large capital program, so the company is positioned well to capitalize when markets eventually recover.

The stock has already bounced 15% off the lows, so some bottom feeders are already buying the

name, and investors can collect a nice 5.8% yield if management has run the numbers correctly.

Corus

Corus has been hammered over the past year amid fears that the new pick-and-pay system for Canadian TV subscriptions will kill the company's revenue stream.

Corus is not a service provider; it simply produces content or owns the distribution rights to shows that Canadians will hopefully still want to see.

With the dismantling of the old bundle system, investors are not sure how much of Corus's content will be picked up.

Up until January, that concern was quite valid, given the fact much of the company's content was focused on kids.

But the recently announced deal to buy Shaw Media has changed the game. By adding **Shaw's** strong portfolio of channels and specialty programs, Corus will now control about one-third of the content targeted at English-speaking Canada.

Time will tell how things play out, but the combined businesses generate strong revenues and free cash flow, and if demand for the programming remains stable, Corus offers investors a shot at some decent capital appreciation while picking up a nice 10% yield on the stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)

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