

Income Investors: Give Yourself a Massive Raise With This Stock and its 8.5% Yield

Description

If you're an aggressive income investor, then you may be looking for a high-yielding stock to give yourself a raise. At first, a dividend yield over 8% may seem too good to be true, but I don't think you should ignore every stock with such an artificially high yield. Although it's somewhat riskier, just because the yield is absurdly high doesn't mean that a dividend cut is imminent.

Corus Entertainment Inc. ([TSX:CJR.B](#)) is a media and content company that has been hit hard over the past few years. Cable cutting is a trend, and it appears that Corus hasn't been able to adapt.

To the surprise of many, the 8.53% dividend yield is still intact, even though the stock lost half of its value over the course of a year. Fellow Fool contributor Jason Phillips believes that a [dividend cut is imminent](#), but I think Corus may be able to keep its dividend static if the management team can start creating innovative content to grab the attention of Canadians.

The worst has already been priced into the stock, so Corus offers some value to investors looking for a rebound to go with a fat dividend yield. The management team is extremely shareholder friendly, and I believe a dividend cut will only happen as the absolute last resort.

Personally, I think it's in the best interest of the company to cut the dividend. The cash may be better used to invest in content creation, which I believe would help Corus rebound over the course of a few years. The management team doesn't seem to think so. Can management still get the company out of the gutter while keeping its dividend intact? It's definitely possible, but it's just going to take a while.

Is the dividend safe?

In the short term, the dividend appears to be safe because the management team wants to keep its reputation of being a shareholder-friendly company. After all, the company didn't cut its dividend during the Great Recession when the stock got hammered.

In the long term, I think the dividend may be in jeopardy if fundamental improvements aren't made or if growth prospects aren't being created. A dividend cut will be the last resort, but if Corus can't innovate, a dividend cut may be the only option.

Takeaway

Corus could offer stock appreciation and a huge dividend if the company can rise out of the abyss. The 8.53% yield is not 100% safe, but it's probably one of the safest yields north of 8% that you'll find.

If you're an aggressive income investor, buy a small chunk now, but make sure you understand the additional risk that comes with the higher yield. If you don't consider yourself an aggressive investor, then you should probably just stay away for now.

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