3 Bargain Stocks With Yields of 4-7%

Description

As many investors can attest, finding the right stock at the right price can be a very difficult task, and it can seem nearly impossible to find one that's trading at bargain valuations and has a high dividend yield. Fortunately for you, I've done the hard part and found three stocks that meet these criteria perfectly, so let's take a closer look at each to determine if you should invest in one of them today.

Rogers Sugar Inc.

Rogers Sugar Inc. (TSX:RSI) holds all of the common shares of Lantic Inc., which is one of Canada's leading producers of sugar and sugar products. Its offerings are marketed under the Lantic and Rogers trade names and include granulated, icing, cube, yellow, brown, and liquid sugars, as well as specialty sugars and syrups.

At today's levels, Rogers's stock trades at just 12.6 times fiscal 2017's estimated earnings per share (EPS) of $0.49 and only 12.3 times fiscal 2018's estimated EPS of $0.50, both of which are very inexpensive compared with its five-year average price-to-earnings (P/E) multiple of 15.3.

Additionally, Rogers pays a quarterly dividend of $0.09 per share, equal to $0.36 per share annually, giving it a lavish 5.8% yield today. It's also important to note that it has maintained this annual rate since 2013, and I think its strong growth of free cash flow, including its 9.1% year-over-year increase to $41.22 million in fiscal 2016 and its 26.2% year-over-year increase to $27.14 million in the first quarter of 2017, will allow it to continue to do so for the foreseeable future.

Power Corporation of Canada

Power Corporation of Canada (TSX:POW) is a diversified international management and holding company with ownership interests in companies in the financial services, renewable energy, communications, and other industries in North America, Europe, and Asia.

At today's levels, Power's stock trades at just 10.8 times fiscal 2017's estimated EPS of $2.76 and only 9.4 times fiscal 2018's estimated EPS of $3.18, both of which are very inexpensive compared with its five-year average P/E multiple of 12.5.

In addition, Power pays a quarterly dividend of $0.3585 per share, equal to $1.434 per share annually, which gives it a bountiful 4.8% yield today. Investors must also note that the company has raised its annual dividend payment each of the last two years, and its 7% hike in May has it positioned for 2017 to mark the third consecutive year with an increase.

Capital Power Corp.

Capital Power Corp. (TSX:CPX) is one of North America's largest independent power producers. It currently owns approximately 4,500 megawatts of power-generation capacity at 24 facilities located across Canada and the United States.

At today's levels, Capital Power's stock trades at just 16.8 times fiscal 2017's estimated EPS of $1.43 and only 16.6 times fiscal 2018's estimated EPS of $1.45, both of which are very inexpensive compared with its five-year average P/E multiple of 29.2.

Additionally, Capital Power pays a quarterly dividend of $0.39 per share, equal to $1.56 per share annually, which gives it a massive 6.5% yield today. Investors must also note that the company's 6.8% dividend hike in July 2016 has it on track for 2017 to mark the fourth consecutive year in which it has raised its annual dividend payment, and it has a dividend-growth program in place that calls for annual growth of approximately 7% through 2018.

Which of these stocks belongs in your portfolio?

Rogers Sugar, Power Corporation of Canada, and Capital Power are trading at bargain valuations and have great dividends, making them strong buys, in my opinion. Foolish investors should take a closer look at each and strongly consider initiating positions in at least one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CPX (Capital Power Corporation)
2. TSX:POW (Power Corporation of Canada)
3. TSX:RSI (Rogers Sugar Inc.)

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