3 Dividend Stocks to Buy Right Now

Description

The TSX's recent slide has put many stocks on sale, and that also means dividend stocks are yielding higher returns for investors that are looking to buy on the dip. While some investors might be scared off by high-yielding shares, that in itself doesn't mean that a payout is unsustainable. After all, an increase in the share price can produce an inverse effect in the yield.

Below are three dividend stocks that have declined in the past month that could be great long-term additions to your portfolio with payouts of more than 5%.

Emera Inc. (TSX:EMA) is a solid utility stock that I've suggested in the past could have even more potential upside than **Fortis Inc.** With a market cap of about half the size of the utility giant and a broad geographical diversification, Emera could see many opportunities to grow its business in the years to come.

In the past month, the share price has declined more than 11%, as a disappointing result earlier this month led to a big sell-off. Sales were down 3%, and the company posted a loss of $228 million as a result of a revaluation of U.S. taxes. Emera has otherwise been a very stable company, and it has been able to stay in the black in each of the past four years.

The decline in the share price has resulted in the dividend climbing to 5.5%. In five years, quarterly dividends have risen more than more than 60% for a compounded annual growth rate of 10%.

Chorus Aviation Inc. (TSX:CHR) is another dividend stock on the decline, as the share price has dropped 12% in just the past month. The sell-off has resulted in the dividend now yielding as much as 5.6%. What's surprising is that even a good quarter recently did nothing to help pull the company out of the decline. In Q4, Chorus saw sales rise more than 13%, while profits were up 56% year over year.

Chorus is a good value buy, as its price-to-earnings ratio is less than seven, and given the success we've seen from airline stocks like **Air Canada**, it's not a bad industry to invest in, especially as the economy continues to grow.

IGM Financial Inc. (TSX:IGM) is another stock that has gone on an double-digit decline in the past month with the stock shedding 11% of its value. The company finished the year with a soft quarter, as one-time charges resulted in IGM’s profits declining nearly 80% from the prior year, despite sales remaining flat.

The financial services company has consistently been able to stay in the black and in the past four years has averaged a strong profit margin of 25%. The decline in share price has pushed the company’s yield up to over 5.7%, making it the highest one on this list.

Although the company has struggled to achieve much capital appreciation for investors over the years, this is a great dividend play that you can hold for years to come. The company has not increased its payout in years, but with strong free cash flow, it remains a good possibility in the future.

CATEGORY

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TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)
2. TSX:EMA (Emera Incorporated)
3. TSX:IGM (IGM Financial Inc.)

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