3 Under-the-Radar Dividend Stocks Yielding 4-7%

Description

As Foolish investors know, dividend investing is one of the most effective ways to build wealth over the long term. With this in mind, let's take a closer look at three dividend stocks with yields of 4-7% that are often overlooked by investors, but that represent attractive opportunities today.

Rogers Sugar Inc. (TSX:RSI)

Rogers Sugar is one of Canada's leading producers of sugar and maple products. Its family of brands includes Rogers, Lantic, Highland Sugarworks, Decacer, and Great Northern.

Rogers pays a quarterly dividend of $0.09 per share, equating to $0.36 per share annually, which gives it a yield of about 5.9% at the time of this writing. The sugar and maple products giant has paid quarterly dividends uninterrupted and without reduction since it converted from an income fund to a conventional corporation in January 2011, including one hike of 5.9% in 2012, which means it's a very reliable dividend payer.

I think Rogers's consistently strong growth of free cash flow (FCF), including its 18.3% increase to $17.36 million in the first quarter of 2018, and its conservative dividend-payout ratio, including just 54.8% of its FCF in the first quarter of 2018, will allow it to continue to provide its shareholders with a high and reliable dividend, or allow it to announce a slight hike in the very near future.

Domtar Corp. (TSX:UFS)(NYSE:UFS)

Domtar is one of the world's leading providers of fibre-based products, including communication, specialty, and packaging papers, market pulp, and absorbent hygiene products. Its family of brands includes Domtar, Cougar, EarthChoice, Attends, Indasec, and Butterfly.

Domtar pays a quarterly dividend of US$0.435 per share, representing US$1.74 per share annually, which gives its NYSE-listed shares a yield of about 4.05% at the time of this writing. The company has raised its annual dividend payment each of the last seven years, and its 4.8% hike in February has it on track for 2018 to mark the eighth straight year with an increase.

I think Domtar’s strong growth of FCF, including its very impressive 126.3% increase to US$267 million in 2017, and its very conservative dividend-payout ratio, including a mere 39% of its FCF in 2017, will allow it to continue to provide its shareholders with dividend growth for many years to come.

Fiera Capital Corp. (TSX:FSZ)

Fiera Capital is the third-largest publicly traded asset manager in Canada with over $128 billion in assets under management as of December 31, 2017.

Fiera pays a quarterly dividend of $0.19 per share, representing $0.76 per share annually, which gives it a yield of about 7% at the time of this writing. The asset manager has raised its annual dividend payment for seven consecutive years, and its recent hikes, including its 5.6% hike last month, have it on pace for 2018 to mark the eighth consecutive year with an increase.

I think Fiera’s very strong cash-flow-generating ability, including its 60.9% increase in operating cash flow (OCF) to $92.52 million in 2017, and its sound dividend-payout ratio, including just 63% of its OCF in 2017, will allow it to continue to deliver dividend growth to its shareholders in 2019 and beyond.

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2. Investing

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jsolitro