3 Cheap Dividend Stocks Paying up to 10%

Description

Dividend stocks are a great way to grow your portfolio, and ones that are undervalued or trading near book values could be even better buys if their stock prices gain momentum. While it's certainly no guarantee that a stock that has declined will go back up in value anytime soon, for investors that aren't risk averse, it could be a great opportunity to try and maximize returns.

Below are three stocks that are cheap and can provide you with great payouts.

RioCan Real Estate Investment Trust (TSX:REI.UN) is a solid REIT that you can add and hold in your portfolio for many years. While it hasn't had the greatest year — the share price has been down 6% over the past 12 months — its fundamentals remain strong. RioCan is a stable stock that has been able to generate a lot of consistency in its financials over recent quarters.

Its top line has fluctuated within a small range, between $286 million and $293 million over the past five quarters, which is just a 2% variance from the high to the low during that time. Unfortunately, RioCan's profits have seen a bit more variability but have still averaged a solid margin of nearly 60% over the same period.

At a price-to-earnings multiple of 11, and the stock trading around its book value, RioCan is not an expensive buy. The stock recently hiked its payouts, and investors are now earning more than 6% per year just from holding the investment. While the company may not be a high-growth play, it is looking at creative ways to maximize value at its locations and minimize its exposure to retail.

American Hotel Income Properties REIT LP (TSX:HOT.UN) offers investors a unique investment opportunity, as it invests in hotel properties south of the border. The company will benefit from a strong U.S. economy and growing tourism, and it's a great way for you to diversify your portfolio.

Although the company has struggled to consistently turn a profit, it has achieved significant growth over the years, with 2017 sales rising 75% from the year before. The share price trades around book value, and the stock is trading near its 52-week low, making it an attractive value buy.

The company currently pays shareholders more than 10% per year, and monthly payouts are in U.S.

dollars and will give Canadian investors some variability in their earnings.

Alaris Royalty Corp. (TSX:AD) is another struggling dividend stock trading right around its book value. The alternative financing company has struggled to stay out of the red, although three of its last five quarters have been above break even. Alaris has also been generating good free cash flow, which has been strong enough to cover its attractive dividend, which is now paying investors 10% per year.

While Alaris hasn't increased its payouts since 2015, it's still an appealing dividend stock to own if all it does is continue to distribute $1.62 per share every year.

Although Alaris may have struggled to find much growth recently, as the economy continues to grow and get stronger, there will be more companies and entrepreneurs that will be in need of cash to finance their operations, and that's where Alaris could see many opportunities to strengthen its top line.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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