Dividend Investors: 3 Cheap Stocks That Pay More Than 4%

Description

Investing in a dividend stock is a great way to add to your cash flow, but buying one at a good price could potentially add a lot of capital appreciation to your overall return as well. Since a dividend yield is inversely related to share price, that means that a stock that has been underperforming will also have a higher than normal payout, giving you multiple reasons why an undervalued dividend stock could net you significant returns.

The stocks listed below all pay more than 4% per year and are cheap buys that could provide your portfolio with great returns over the long term.

Hydro One Ltd. (TSX:H) hasn't been doing that well since being listed on the TSX, with its stock price down 8% since it began trading back in 2015. The company has great growth prospects as a key acquisition south of the border could open up some big markets for Hydro One.

However, with Ontario recently electing a premier who isn't that fond of Hydro One, the once government-owned utility company could face pressure from a significant shareholder. And although investors may be concerned with the politics that may be involved, ultimately it's still a public company with its own processes and board of directors.

Unfortunately, investors don't like risk or uncertainty, and politics can create both, which is a big factor that has kept the share price down despite otherwise positive results.

The fundamentals of the company are strong, and external factors weighing the stock down are unfortunate, but with nothing fundamentally broken in its business model, Hydro One could make for a great long-term investment with lots of potential upside.

Currently, Hydro One trades at a multiple of 17 times its earnings and is slightly above its book value. The stock has declined 14% in the past year and its current dividend yield up to over 4.6%.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is another solid dividend stock that pays more than 4% per year. It's a high yield for a bank stock, and not only will it provide you the stability that comes with investing in a chartered bank, but it also has a lot of diversification and a strong presence in Latin

America.

The company has a great track record when it comes to raising its payouts, and has even done so multiple times a year, so investors will see their dividend income rise over the long term. At a price-to-earnings multiple of only 11 and at only 1.6 times its book value, the stock is a fairly priced investment that has provided investors with great returns over the years.

SmartCentres Real Estate Investment Trst (TSX:SRU.UN) is a great REIT to invest in that has high occupancy rates and pays a dividend of over 5.7%.

Despite the strong numbers, SmartCentres and other REITs have struggled, as investors have been bearish on shopping centers in light of the recent bankruptcies and high-profile departures we've seen in the retail industry. Many malls are still struggling to find tenants to fill large vacancies.

However, SmartCentres hasn't been significantly impacted by all this and at only 1.2 times its book value, the stock is a great value buy.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:H (Hydro One Limited)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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