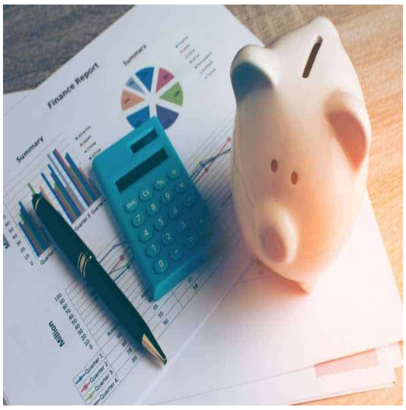

Nail Down a Stable 5.4% Yield With These 3 Stocks

Description

High-yield dividend stocks can be the answer to your retirement dreams.

In the extremely low-rate world we live in right now, that rings particularly true. I mean, who wouldn't love owning stocks that yield 4%, 5%, and even upwards of 7%?

But just like all things in investing life, there are risks.

Stocks that have high dividends do so for very specific reasons. Whether it's because of a lack of growth, troublesome financials, or increased competitive threats, significant dividends often come with significant issues.

But not *all* the time.

If you pay close enough attention, it's very possible to lock in stable yields above 4%. These typically pop up when the worries surrounding a stock are way overblown.

So, with that in mind, let's look at three high-yield stocks that Mr. Market may be pricing incorrectly.

BCE

BCE Inc. (TSX:BCE)(NYSE:BCE) shares are down more than 10% in 2018.

As Canada's largest telecommunications company, investors are worried that the decline in satellite TV and landline phones will significantly hurt its long-term growth. But while that concern is certainly justified (I'm a cable-cutter myself), one thing remains unharmed: BCE's muscle in the highly profitable Canadian wireless market.

The company generated a whopping $3.4 billion in free cash flow over the past 12 months. And with **Rogers** and **Telus** as its only two major competitors, a forward yield of 5.6% seems quite attractive.

CI Financial

Shares of mutual fund company **CI Financial Corp.** (TSX:CIX) are struggling, down roughly 20% over just the past six months.

A whole host of regulatory changes (like more fee transparency and the banning of trailer fees), coupled with increased competition from asset management gorilla Vanguard has investors on edge. Of course, CI's solid track record, massive scale, and highly diverse product offering still give the company plenty of tools to succeed.

The stock now offers a juicy forward yield of 5.7%. With a still-comfy payout ratio of 71%, that dividend reward might be well worth the risks.

TransCanada

TransCanada Corporation (TSX:TRP)(NYSE:TRP) stock is bouncing back.

After a sluggish start to 2018, shares of the pipeline operator are up about 6% over just the past few weeks. Bay Street seems to be getting over the threat of rising interest rates and all of the uncertainty surrounding TransCanada's Keystone pipeline.

But my guess is that there's plenty of more room to run.

The stock already sports a solid forward yield of 4.8%. Now factor in the company's exciting international growth prospects, as well as management's intention to pump the dividend 8-10% annually until 2020, and you have the makings of a particularly potent dividend-growth play.

The bottom line

So, there you have it, Fools: three solid stocks that boast an average dividend yield of 5.4%. Not too shabby.

Of course, don't view them as formal recommendations. Due diligence is always key — especially in the realm of high-yield dividend plays.

That said, BCE, CI, and TransCanada are all intriguing starting points for further research.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:CIX (CI Financial)
5. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/09/09
Date Created
2018/07/02
Author
bpacampara