3 Cheap Dividend Stocks That Pay More Than 5%

Description

When a dividend stock drops in price that sends its yield up, that means more dividend income for your portfolio. A depressed share price also gives you more of an opportunity to benefit from capital appreciation, which could help pad your overall returns.

Below are three cheap dividend stocks that pay high yields and that have good prospects for future growth.

Dream Global REIT (TSX:DRG.UN) invests in real estate properties in Western Europe, and the stock can provide your portfolio with a lot of diversification. Not only would you be investing in real estate on another continent, but because Dream Global invests primarily in office properties, you'll be indirectly investing in the economies of those countries as well.

The REIT's portfolio is made up of assets primarily in Germany and the Netherlands, but it also has a presence in Belgium and Austria. There's a lot to like about Dream Global, as it isn't dependent on the turbulent retail industry, and it has many opportunities to grow.

With minimal expenses and overhead, the company has been able to average a profit margin of over 85% the past four years.

Currently, Dream Global pays its shareholders a monthly dividend of $0.0667 per share, which yields 5.5% per year.

Year to date, the share price has soared around 20%, and with a price-to-earnings (P/E) multiple of less than seven and the stock trading a little higher than book value, Dream Global is a good value buy today.

Chorus Aviation Inc. (TSX:CHR) may not be as popular as some of the big names in the aviation industry, but that helps make the stock a good buy. Oftentimes, investors flock to the most popular stocks in an industry, and that leaves plenty of opportunity for secondary stocks to provide even more upside for investors.

However, that doesn't necessarily make the stock inferior to its peers. The company operates Jazz Aviation LP and has shown good growth over the years. Last year, Chorus saw a modest 6% growth in its top line, but profits were up by nearly 50%.

Its monthly dividend of $0.04 pays investors 6.6% annually. It is also a cheap buy, trading at a P/E of just six and at 2.5 times its book value.

RioCan Real Estate Investment Trust (TSX:REI.UN) is the second REIT on this list, and for many good reasons. It has a broad portfolio of properties which includes shopping centres and mixed-use developments that are located in Canada and the United States.

RioCan's stock hasn't been too impressive in the past year, rising just 1% over the past 12 months. However, with the stock trading around its book value and at a P/E of less than 12, it's fairly priced and has a lot of room to grow, especially as it looks for new ways to improve occupancy rates.

For dividend investors, RioCan is yet another option that can provide your portfolio with recurring monthly cash flow, as the stock pays shareholders 5.9% per year. RioCan provides a lot of stability and could be a good fit in any portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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