TFSA Investors: 3 Cheap Dividend Stocks Under $5 That Pay up to 5.1%

Description

Buying cheap dividend stocks is a great way to fill your portfolio with assets that can deliver both recurring streams of income for you while also appreciating in value. Low-priced stocks are easier to climb in price than more expensive ones, simply because higher-priced stocks might be too pricey for some investors. And while I wouldn't advocate investing in penny stocks, there are still plenty of cheap options out there that don't involve taking on significant risk.

Below are three dividend stocks that will pay you up to 5.1% annually and, at under $5 per share, can offer some upside as well.

High Arctic Energy Services (TSX:HWO) trades at around $4 per share, and although it has reached highs of over $4.6 in the past year, the stock has struggled to find much consistency. What makes High Arctic an appealing investment is that it isn't as dependent on the Canadian oil and gas industry as other stocks on the TSX are.

With revenues in Papua New Guinea higher in the company's Q1 than revenues in Canada, High Arctic offers good diversification for investors that may not want to be overly exposed to the Canadian oil and gas industry, which simply hasn't been doing well, despite higher oil prices. However, as things continue to improve domestically, High Arctic will certainly be able to leverage that bullishness as well.

The stock trades right around its book value and offers investors good value for their money. It also pays its shareholders a monthly dividend, which yields 5.1% per year.

Western Forest Products (TSX:WEF) is another well-diversified company that generates sales in many parts of the world, with revenue outside Canada and the U.S. making up over 40% of the company's top line.

Building new homes and undergoing renovations can often drive demand for lumber, and that's a trend that is certainly going to be on the rise, especially as rising home prices, particularly in Canada, will increase the need for more affordable housing.

While Western Forest's share price hasn't done much in the past year, the company recently hiked its dividend, and investors can now earn an annual dividend of 3.6%.

Reitmans (TSX:RET.A) is another cheap buy to add to your portfolio, trading near $4 a share and a price-to-book ratio of around 0.7, it provides good value for a retail stock that I don't see posing the same risks as others in the industry do.

Apparel stores, especially those that focus on women's apparel, are a safer investment than others simply because their footprint (and overhead) will be smaller than that of a big department store, and clothing is still something that consumers like to touch and feel before buying.

However, the company does have an online store for those shoppers that prefer the online experience. Reitmans has also integrated with social media, as it allows consumers to shop through the company's Instagram feed as well, and that could help the company to grow its sales with a new, younger audience.

Currently, Reitmans stock pays its shareholders a yield of 4.7%.

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