



3 Cheap Dividend Stocks Under \$5 That Pay up to 6.5%

Description

If you're looking for stocks that have a lot of room to grow, low-priced ones can offer a lot of potential. While stocks trading under a dollar can expose your portfolio to a lot of risk and volatility, those priced between \$1 and \$5 are in a bit of a sweet spot, as they are not penny stocks but are low enough that their returns could be massive if given a little momentum.

In many cases, you'll have to be patient with stocks like these, and that's why, in the list below, I've focused on three dividend stocks that will pay you over 3% while you wait for their share prices to rise in value.

Corus Entertainment ([TSX:CJR.B](#)) shouldn't even be on this list; that's how badly undervalued it is today. The bears have been very hard on the company, and it all started after a [disappointing Q1](#), which set the stage for a sell-off that would last much of the year. While the stock didn't deserve to see much bullishness, the pessimism surrounding it has also been unwarranted.

It may not offer a double-digit yield [anymore](#), but its payouts are still very good, and it has become a great value buy that's trading well below its book value. The stock has seemed to have found some support, at least temporarily, at around \$4 a share, and it might be enough for it to finally build some momentum. If it can put together a decent quarter, we could see investors start to come back from the ledge and consider buying the stock again.

Western Forest Products ([TSX:WEF](#)) has also declined heavily recently, as in the past three months its share price has decreased by more than 16%. The softwood company has a lot of diversification with operations in many different parts of the world, and over the long term it should have a lot of opportunity to grow given the demand for lumber products increases with the construction or remodeling of homes, which also happens as economies expand in size.

It's a very good value buy at a price-to-earnings multiple of just 11 and the stock trading at only 1.6 times its book value. Add onto that a dividend yield of 3.7%, and you've got a great option for investors to hold on to while the stock finds some stability and perhaps an opportunity to stage a recovery.

Plaza Retail REIT ([TSX:PLZ.UN](#)) is the top-performing stock in this list, and sadly it has been flat from

where it started the year at. The REIT focuses on retail in central and eastern parts of Canada, and that's translated into modest, but good growth. Since 2013, sales have increased by 24%, and over the past five quarters the company has averaged a strong 20% profit margin.

While it may not offer you great prospects for future growth, Plaza Retail will pay you a high dividend yield of over 6.5%, and, like many REITs, payments are made on a monthly basis. Trading around its book value, Plaza Retail is a solid value buy that could net you a strong return.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:PLZ.UN (Plaza Retail REIT)
3. TSX:WEF (Western Forest Products Inc.)

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Author

djagielski

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