



3 TSX Index Stocks Near 12-Month Lows Yielding 6%

Description

Contrarian investors know that the best time to buy is often when everyone else is running for the hills.

Committing funds during a downturn requires an ability to ride out additional volatility, as it is very difficult to catch stocks at the absolute bottom. However, when quality companies with [reliable distributions](#) are oversold, investors get paid well to wait for better days.

Let's take a look at three Canadian stocks that might be getting oversold today.

Russel Metals ([TSX:RUS](#))

Russel Metals is a metals distribution company with operations in Canada and the United States. The business is broken into three groups, including steel distribution, service centres, and energy products.

During the oil rout, the energy group took a hit, but Russel Metals maintained the dividend through the downturn, and investors who bought the stock around \$15 picked up a great yield and eventually doubled their money.

The recent pullback in the stock from above \$30 in early August to the current price of \$24 per share appears overdone. Russel Metals reported solid Q2 2018 results, supported by improved pricing and strong demand across the three business divisions. Earnings per share came in at \$1.07 compared to \$0.52 in the same period last year.

The dividend should be safe and investors can now pick up a [yield](#) of 6.3%.

Power Financial (TSX:PWF)

Power Financial is a Canadian holding company with assets primarily focused on wealth management and insurance.

In Canada, the positions include a 67.7% interest in **Great-West Lifeco**, which in turn owns Great West Life, London Life, Canada Life, and Irish Life, as well as some asset management businesses.

Power Financial also has a 61.4% stake in **IGM Financial**, which owns Investors Group, Mackenzie Investments, and Investment Planning Counsel. Wealth Simple is another Canadian holding.

Overseas, Power Financial has a 27.8% position in **Pargesa**, which owns investment positions in a variety of Europe's top global companies.

Power Financial reported record adjusted net earnings of \$658 million in Q2 2018. The company raised the dividend by 5% earlier this year. The payout now provides a yield of 6%.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge hit a 2018 low around \$38 and currently trades for \$41.50.

The company is going through a transition that will improve the balance sheet and streamline the corporate structure. Management is already making good progress with non-core assets sales that are ahead of schedule. The company has also successfully completed agreements to acquire the outstanding shares of its subsidiaries in an effort to bring all of the core liquids and gas pipeline assets under one roof.

Enbridge has a strong backlog of development projects and investors should see additional opportunities for organic growth across the asset base.

Investors who buy the stock today can pick up a 6.4% yield.

The bottom line

Russel Metals, Power Financial, and Enbridge all pay attractive dividends that should be safe. Ongoing volatility is expected, but the pullback in the three stocks appears overdone, and you get paid well to hold the position until better days return.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:ENB (Enbridge Inc.)
3. TSX:RUS (Russel Metals)

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