5 Great Dividend Stocks Trading Under $10 to Buy Today

Description

Although so-called penny stocks are often labeled as risky securities, many investors still like to buy low-priced shares.

The reasoning is simple. Say you have $5,000 to invest. You can accumulate a massive 2,500 share position in a $2 stock. Or you can get just 100 shares of a security trading at $50. If a $50 stock goes up a quarter per share, people barely notice. But a similar move really matters on a $2 stock.

So, even though it shouldn't matter how much a stock costs, many investors are still attracted to these cheap stocks.

Fortunately, Canada is filled with great inexpensive stocks. Here are five different dividend-paying shares you can pick up for less than a shiny new Viola Desmond $10 bill.

Extendicare

Extendicare (TSX:EXE) is a provider of long-term care and retirement housing for seniors. It also has a large home healthcare division.

The company sold most of its U.S. operations in 2015 and has been putting that capital to work in Canada by buying new homes, building others, and expanding the home health division. Now the next step is to renovate some of its existing long-term-care homes, which will upgrade these facilities into a higher payment status.

Extendicare sees massive long-term growth potential for all aspects of its business as baby boomers continue to age. This generation will start filling retirement homes in a big way inside a decade, which will inevitably raise prices.

In the meantime, investors are getting paid a 7.2% dividend to wait, with a payout ratio of approximately 70%.

Pizza Pizza

Pizza Pizza Royalty (TSX:PZA), which is the owner of both the Pizza Pizza and Pizza 73 brands, is facing some short-term struggles right now. Specifically, weak same-store sales are causing investors to sell the stock. Shares are down 44% thus far in 2018.

Some of the things weighing down the stock are just temporary. Management has blamed minimum wage increases in both Alberta and Ontario as one reason for recent struggles. And Alberta's economy still hasn't really recovered from oil's big decline. But this is offset by potential catalysts like a new cauliflower crust offering and an upcoming expansion into the Vancouver market.

Shares are trading at just over 10 times trailing earnings — which is quite cheap — and the company pays a succulent 9.5% yield.

Centamin

Centamin PLC (TSX:CEE) is an Egypt-based gold miner that owns just a single producing property today. The Sukari mine is no slouch; it produces approximately half a million ounces of gold annually.

Unlike many other gold producers, Centamin has a great balance sheet with no debt and a large cash position of nearly US$300 million. This provides plenty of support for the generous dividend, which currently stands at just over 9%.

Centamin also offers investors much more, including some interesting exploration projects, current low-cost production, and upside potential if gold goes higher.

VersaBank

VersaBank (TSX:VB) is a rapidly growing online-only bank that trades at value prices.

Let's start with the valuation. The stock trades at $7.32 per share, despite earning $0.75/share in the last year. The company is also trading comfortably under its book value. This is despite posting close to 20% revenue growth in 2018.

Versabank is tiny — it has a market cap of just over $150 million — but that just means it has all the better growth potential. It has also been aggressive at increasing the dividend, increasing the payout by 50% recently. Shares yield just 0.6%, but they have massive dividend-growth potential.

Rogers Sugar

Rogers Sugar (TSX:RSI) is exactly the kind of boring stock you want to own in today's turbulent markets.

The company recently expanded from sugar into something just as sweet — maple syrup. This has been a smart acquisition strategy, with revenues in 2018 hitting a new record. Profits were strong too, coming in at $0.43 per share. This puts Rogers shares at less than 13 times earnings.

The sugar business isn't exactly known for being fast growing, but at least it isn't shrinking. Rogers saw sugar volumes increase by 2% in 2018.

Perhaps the biggest appeal of an investment in the sugar business is the sweet (sorry, couldn't resist) dividend. Shares currently pay a 6.6% yield.

CATEGORY

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1. TSX:EXE (Extendicare Inc.)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:RSI (Rogers Sugar Inc.)
4. TSX:VBNK (VersaBank)

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Date
2025/07/21
Date Created
2018/12/16
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