Income Investors: 3 Dividend Stocks Yielding up to 8.5%

Description

Investors looking for an opportunity to earn a good dividend while also earning capital appreciation have many options today. The end of 2018 left many bargains out there for investors to pick up in 2019, and below are three that stand out to me.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) finished the year trading just above $100 per share, which is a big decline from the $125 it was at just months ago. Bank stocks normally don't see big declines like this so suddenly, especially while the economy is doing well. And that's what makes this as a good opportunity, because CIBC's stock is one I would expect a big recovery from.

The stock is trading at multiples of just 1.4 times book value and less than nine times earnings. It's common for CIBC to trade at a price-to-earnings of at least 10, so this is a very noticeable drop in price.

For investors looking to grab a great dividend, it's hard to argue with one that pays 5.3% from one of Canada's top banks. With the CIBC, you know the dividend is solid, and given the 16% decline that the stock has been on over the past three months, there's ample room to earn capital appreciation here as well.

Pembina Pipeline (TSX:PPL)(NYSE:PBA) has also declined during the past few months, but it has been a bit more muted than its peers, falling less than 10% since October. The stock has proven to be a bit more stable than many on the TSX, including those in its industry. From a value perspective, it's still a great deal, offering investors a price-to-book multiple of 1.8 and trading at 16 times earnings.

The company is coming off a solid quarterly performance that saw its sales double and net income triple, so there's definitely a fair bit of bullishness around Pembina, which explains its better-than-expected stock price.

However, the drop in price has pushed its payouts to more than 5.6% and, unlike many dividend stocks, are paid in monthly installments. Pembina is an underrated option for investors looking to secure a good dividend at a reduced price.

Chorus Aviation (TSX:CHR) is a cheap stock at under $6 a share to start the year. It lost more than

40% of its value during 2018, as investors showed a bit of hesitation around airline stocks. But with oil prices coming down again, profits might actually improve, and that could make airline stocks a good buy going forward.

Chorus hasn't needed help in that area, however, with the company posting a profit in each of the past five quarters. In its most recent earnings release, Chorus banked an impressive profit margin of 12%. The stock is also a good value buy, trading at only nine times earnings and 1.8 times book value. It is up from its 52-week low and could be headed back up in price for even more of a recovery.

Despite its drop in share price, Chorus has kept its yield intact, and with dividends of $0.48 per share every year, it is now paying more than 8.5% on an annual basis. And like Pembina, Chorus also makes monthly payments to its shareholders.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CHR (Chorus Aviation Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:PPL (Pembina Pipeline Corporation)

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