3 Dividend Stocks Yielding Up to 10.7%

Description

Several months ago, a dividend stock paying more than 5% or 6% may have been assumed to be very risky or in danger of being cut. However, given the declines we saw at the close of 2018, many yields have increased as a result, and investors have many opportunities to lock in some higher-than-normal payouts. Below are three stocks that offer high yields that could be great additions to your portfolio:

TransAlta Renewables Inc. (TSX:RNW) has declined by more than 13% since June and the stock was already known for having a high payout back then. While its dividend payments of $0.0783 per month have remained unchanged, it is now yielding almost 9% per year as a result of a lower share price. It's a high dividend to pay and may not be as high risk as investors might otherwise assume it to be.

The company has produced ample free cash flow over the past 12 months to cover dividend payments and has done a good job of staying in the black as well. The stock is coming off a 52-week low and has made some early progress this year — progress that could continue if TransAlta can continue to produce some strong quarters. At a price-to-earnings ratio of 15 and a price-to-book multiple of just 1.2, it's a great value buy that could provide you with an opportunity to add some capital appreciation on top of a great dividend.

Just Energy Group (TSX:JE)(NYSE:JE) is another stock that has had a high payout for some time and has likely drawn the attention of investors worried about a potential cut. With an annual dividend of $0.50 per share, investors would be earning a whopping 10.7% on their investment today.

In the past year, Just Energy's stock has fallen 11%, but things have begun to improve as in the past three months, the stock has risen by 15%. The company's operations in Canada, the U.S., and the U.K. give investors a lot of diversification while also providing Just Energy with many paths for future growth.

In the short term, however, investors are likely to worry about the dividend. And while Just Energy has failed to produce positive free cash flow during the past three quarters, it has normally been consistent in staying positive over the years.

With any high-yielding dividend stock there's always going to be some risk, and investors may want to wait out another quarterly earnings report before making a decision on Just Energy.

Extendicare Inc (TSX:EXE) stock could be an appealing buy for both growth and dividend investors. Not only does Extendicare offer a great yield north of 7.2%, but its focus on long-term care and retirement living could open up many growth opportunities as Canada's demographic continues to age and we see many people retiring.

In the past year, however, investors haven't been so optimistic, as the stock has declined 27% on financials showing minimal growth while scraping out modest profits along the way. The stock is a long-term play, but for investors willing to hang on, there’s a decent prize as the company’s monthly dividend can prove to be a great source of recurring cash flow.

While Extendicare might not be a dividend stock you can just buy and forget, it’s definitely one that should be on your watch list.

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1. Dividend Stocks
2. Investing

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2. TSX:RNW (TransAlta Renewables)

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Date
2025/08/26
Date Created
2019/01/08
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