



Attention Income Investors: 2 Attractive Stocks Paying Reliable 5-6% Dividend Yields

Description

Income investors are constantly on the hunt for stocks with above-average [dividend](#) payments that are both reliable and growing.

Let's take a look at two companies that might be interesting picks for your portfolio today.

CIBC ([TSX:CM](#))([NYSE:CM](#))

At the current price of \$112 per share, CIBC's dividend provides a yield of 5%.

Many investors skip CIBC in favour of its larger peers, primarily due to concerns that the company is over-exposed to the Canadian residential housing market. It is true that CIBC's mortgage portfolio is large relative to its size. The company has a market capitalization of \$50 billion and reported total mortgages and home equity lines of credit (HELOC) of about \$223 billion at the end of the last quarter. **Royal Bank** is three times larger than CIBC by market capitalization, but its mortgage and HELOC book is just \$286 billion.

A meltdown in the Canadian property market would certainly hit CIBC harder than some of the other [banks](#), but things would have to get pretty bad before the company takes a material hit. Households have weathered the rate increases reasonably well over the past two years, and it looks like the Bank of Canada is going to pause its rate-hike program, which should help avoid a hard landing for the housing market.

CIBC remains very profitable and has a strong capital position, so the dividend should be solid. Currently trading at less than 10 times trailing earnings, the stock appears somewhat oversold.

Power Financial (TSX:PWF)

Power Financial is a holding company with Canadian assets in the insurance and wealth management sector. It is also part owner of a European firm that has positions in a variety of the region's top global

businesses.

For the first nine months of 2018 the company reported net earnings of \$1.8 billion, or \$2.48 per share, compared to \$1.5 billion, or \$2.09 in the same period the previous year. The Q4 results come out next week and should round out a solid performance. The company just announced plans to spend \$1.65 billion on a share buyback program, so management appears to think the stock is undervalued.

Power Financial's stock price is up nearly 20% from the December low and is approaching its 12-month high. More upside could be on the way and investors can still pick up an attractive 5.8% yield. The company raised the payout last year, and given the share-repurchase announcement, another dividend hike is likely in the cards for 2019.

Is one a better bet?

CIBC and Power Financial should both be solid buy-and-hold picks for an income-focused portfolio. If you only buy one, CIBC looks oversold today and could provide some nice upside when sentiment improves.

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