



TFSA Investors: Which of These 2 Cheap High-Yield Dividend Stocks Should You Buy?

Description

Dividends help investors in many different ways. They can provide stable and predictable cash flows and help smooth out significant market losses. But it isn't easy to find good dividend-paying stocks at a bargain. Indeed, cheap stocks are often cheap for a reason, and many investors choose to avoid them.

Still, although they are rare to come by, cheap quality dividend stocks exist. Today, I bring you two candidates that can potentially fit the bill: **High Liner Foods** ([TSX:HLF](#)) and **Chemtrade Logistics** ([TSX:CHE.UN](#)). Which of these cheap high-yield dividend stocks should you add to your TFSA?

High Liner Foods

High Liner is one of the largest seafood companies in North America. The firm profits from a strong brand name, which comes with a solid market position and a wide distribution network. However, the past two years [have not been generous](#) to High Liner.

High Liner's full-year financial results for 2018 saw a decrease in sales, gross profit, EBITDA, and net income. Furthermore, the company's stock price has been on a downward trend, losing more than 50% of its value over the past two years.

The company is well aware of these struggles, though, and intends to turn things around. Management plans to cut parts of its portfolio of seafood offerings. While the company did not publicly say which items it would discontinue, investors were assured that High Liner would stop distributing items with an increasingly shrinking market share, low volume, and low contribution margin while focusing on more profitable ones.

According to CEO Rod Hepponstall, the process of trimming High Liner's portfolio won't be an "easy fix." Investors are expected to wait patiently while the company implements its plan. Despite High Liner's juicy 7.59% dividend yield, it is doubtful whether many investors are willing to take on the risk of the company's turnaround falling flat on its head.

Chemtrade Logistics

Chemtrade Logistics is an [interesting option](#) for income investors. The company provides industrial chemicals and services to customers. Though Chemtrade's earnings are a bit volatile, the company has been offering monthly dividend payouts since it was founded back in 2001. The Ontario-based company also hasn't missed a single dividend payment in over 15 years. Chemtrade currently offers investors a juicy dividend yield of 12.59%. The company's dividend history shows a dedication to returning capital to shareholders.

The question that must be on the minds of investors, though, is whether this dividend is sustainable. But the company's willingness to continue offering dividends payout through thick and thin speaks volumes. Chemtrade's CFO recent reaffirmed the company's dividend plans. Dividends paid were only 60% of the company's earnings during the last quarter. Chemtrade's monthly dividend payout likely won't change anytime soon.

The bottom line

High Liner is currently in the middle of a turnaround plan. The company is looking to trim its portfolio to reduce costs and maximize profits. It is unclear whether this strategy will work in the long run. Chemtrade's dividend plan and history have been exemplary. In addition to offering a juicy yield, Chemtrade offers a monthly dividend payout and has done so for more than 15 years. Both stocks are currently under \$10, but despite High Liner Foods being about \$1.30 cheaper, Chemtrade is the better option for those looking to fill their TFSA with a steady income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:HLF (High Liner Foods Incorporated)

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Date

2025/09/27

Date Created

2019/03/16

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