



5 Value Stocks That Pay Over 6%

Description

When I'm researching new stocks to buy, I tend to focus on two key criteria. First, I search for value because I want to pay a fair price. Second, I look for companies that consistently return capital to shareholders in the form of dividends.

With these two important metrics in mind, let's examine five high-quality stocks that fulfill both of the aforementioned requirements.

Acadian Timber Corp ([TSX:ADN](#))

Managed by a wholly-owned subsidiary of **Brookfield Asset Management**, Acadian is a leading timberland operator in New Brunswick and Maine.

As far as value, the company trades slightly below book value at a compelling price-to-earnings multiple of around nine. Acadian has a bit more than 10% of its market capitalization in cash and cash equivalents on its balance sheet.

In 2018, the company returned \$1.1225 per share in dividends to shareholders, up a couple of cents over the previous year, and representing a payout ratio of 106%. Over the long term, Acadian has stated that it intends to aim for a payout ratio of 95%.

At its current price, Acadian yields just about 7%.

Gamehost Inc. ([TSX:GH](#))

As Alberta emerges from the painful recession brought on by the collapse in the price of oil, Gamehost's geographically concentrated hospitality and gaming business looks increasingly attractive. Further, while the company weathered the storm of the oil shock it focused upon cost cutting, which will enhance its profitability going forward.

Gamehost has somewhat of a moat due to the highly regulated nature of its business and the Alberta Gaming, Liquor and Cannabis Commission's current moratorium on new casino licenses.

Trading at a price-to-earnings multiple of almost 15 and at around two times book value at writing, Gamehost is attractively valued. The company pays a monthly dividend of \$0.058, which works out to an annualized yield of roughly 7%.

Chorus Aviation Inc. ([TSX:CHR](#))

Chorus is a holding company with subsidiaries that operate in regional aviation, specialized aviation services, and aircraft leasing. Most investors will recognize the company's Jazz brand, which operates regional passenger service on behalf of **Air Canada**.

Diversifying from its core business with Air Canada is Chorus's key avenue for growth. As of the end of the first quarter, the company had a fleet of over 90 leased aircraft with a net value of about US\$1.6 billion. SpiceJet, an air travel company operating out of India, is among Chorus's newest aircraft leasing customers.

Trading at a price-to-earnings multiple of about 11 and nearly two times book value, Chorus has appealing value. Additionally, the stock's monthly dividend of \$0.04 gives it a hefty yield of almost 6.5%.

Wajax Corp ([TSX:WJX](#))

Industrial parts and service is Wajax's core business, delivering to a variety of sectors including energy, food and beverage, forestry, and mining. Currently, the company is sitting on an order backlog of over \$250 million.

Revenue in the first quarter increased high on 10% year over year primarily due to sales gains in eastern Canada driven by an acquisition in 2018. Wajax's ongoing [growth and diversification](#) has the added appeal of lessening its exposure to the volatility of western Canada's energy sector.

Wajax shares are sitting close to their 52-week low and trade right around book value. The company's quarterly dividend of \$0.25 makes for an attractive yield close to 6.5%.

Laurentian Bank of Canada ([TSX:LB](#))

Laurentian is currently the TSX index's value bank, as it trades at a discount to book and only nine times earnings at writing. [Some critics](#) have called the bank a value trap, but I think that they might be missing the mark.

With a market capitalization of below \$2 billion, Laurentian is a relatively small bank, which means that it experiences the volatility of a mid-cap stock rather than the consistency of a large cap. Various short-term issues aside, it's hard to overlook the fact that Laurentian hasn't been this cheap in nearly a decade.

Investors who take a chance on Laurentian will be rewarded with a yield of over 6% — one that's

unmatched by its peers.

CATEGORY

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TICKERS GLOBAL

1. TSX:ADN (Acadian Timber Corp.)
2. TSX:CHR (Chorus Aviation Inc.)
3. TSX:GH (Gamehost)
4. TSX:LB (Laurentian Bank of Canada)
5. TSX:WJX (Wajax Corporation)

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Author

jwatkinsstrand

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