



## 2 Cheap Dividend Stocks Yielding up to 8%

### Description

Excellent dividend-paying stocks are highly coveted on equity markets, and with good reason. It is even better when these stocks are relatively cheap on a valuation basis. If you are looking for such stocks, let's look at two that fit the bill: **Russel Metals** ([TSX:RUS](#)) and **Alaris Royalty** (TSX:AD).

### Russel Metals

Russel Metals is one of the largest metals distribution companies in North America. Though the firm is well positioned in its market, the current economic climate has not been too kind to this [industry](#). Tariffs and escalating tensions between the U.S. and China have dragged the prices of metals down, and the demand for these metals is being threatened as well. These headwinds have played a role in Russel Metals's sub-par performance over the past year, during which it shed about 23% of its value. Year to date, the company's stock is slightly down as well (at writing).

However, this has created an opportunity for investors. With its share price dropping in recent months, Russel Metals is currently trading at just 6.08 times past and 8.29 times future earnings; thus, the firm's stock is attractively valued. Further, Russel Metals offers investors an excellent dividend yield, currently sitting at 6.92%. Russel's 44% payout ratio is very conservative and shows that its dividend payouts can keep growing. Despite a slowdown in its earnings over the past two quarters, the firm looks well equipped to continue rewarding shareholders by way of dividends.

### Alaris Royalty

Alaris has a very simple business model: to provide cash financing to private businesses in North America. Of course, one could point out that financing private businesses often carries a considerable amount of risk. However, Alaris does not just offer its services to any random venture. The firm has some very stringent criteria it uses to decide which businesses to finance. Alaris also operates across various sectors, including consumer products, healthcare, industrials, etc. There is no shortage of private ventures with which to conduct business.

In other words, the Calgary-based financial institution has much room for growth. Alaris should appeal to income-seeking investors. One of the firm's explicitly stated goals is to "create the optimal dividend

stream for investors.” Alaris isn’t just all talk; the company provides a monthly dividend payout and an excellent dividend yield currently sitting at about 8.44%. Though its 80% payout ratio is a bit high, Alaris generally generates enough cash to cover its dividend payments. Finally, the financial company is also relatively attractively valued. Alaris trades at just 9.43 trailing and 11.31 future earnings (at writing).

## The bottom line

For investors looking for cheap dividend stocks — be it for their TFSA, to supplement their monthly income, or for whatever other reason — Alaris Royalty and Russel Metals are strong options to consider. Both firms currently offer excellent dividend yields and trade at attractive valuations.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:RUS (Russel Metals)

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