



2 Cheap Stocks Yielding 6% to Buy Now and Own for Decades

Description

Once in a while, the market goes negative on a stock that has a solid business with reliable revenue and pays decent [dividends](#).

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

Power Financial

Power Financial (TSX:PWF) is a holding company primarily focused on insurance and wealth management businesses. In Canada, its subsidiaries include **Great-West Lifeco**, which is the owner of London Life and Canada Life, and **IGM Financial**, which is home to Investor's Group and Mackenzie Financial. Fintech disruptor Wealthsimple is also a holding of the parent company.

Overseas, the firm has a minority interest in another holding company that invests in some of Europe's global giants.

It all looks complicated, but the combinations make Power Financial an interesting way to get good exposure to the insurance and wealth management opportunities in the Canadian financial sector while avoiding mortgage risks connected to the banks.

Power Financial raised its dividend by 5% this spring and recently completed a large share buyback. The stock is down from \$33 in April to \$29 per share. That puts the dividend [yield](#) at an attractive 6.3%.

Enbridge

It is tough being a pipeline giant these days, as major projects run into waves of opposition from both public and government bodies. This is one reason Enbridge has slipped from \$65 per share in 2015 to the current price near \$44.

Ongoing battles on larger projects are causing delays, and that can drive up costs or even force the

company to completely abandon a development, as Enbridge did with Northern Gateway. The company still has opportunities for smaller add-on projects across its vast asset base, and as North America's largest energy infrastructure firm, Enbridge has the financial clout to make strategic acquisitions.

The current \$16 billion development program can be fully covered through internal cash generation, and management says distributable cash flow should increase by a solid 5-7% per year beyond 2020. This should support steady dividend growth. Enbridge has raised the dividend every year for more than two decades, and the current payout provides a yield of 6.7%.

The bottom line

Power Financial and Enbridge are quality companies that pay growing dividends with above-average yields. The stocks appear somewhat oversold right now, providing investors with an opportunity to lock in a great return and book a shot at some decent upside when sentiment improves.

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