



3 High-Yield Dividend Stocks at Bargain-Basement Prices

Description

There's nothing like a high-yield dividend stock. You've been combing through the markets and finally find that +5% number that gets investors fired up. But while that can be an incredible part of a stock, investors should think twice about buying shares if it's only because of a dividend yield.

After all, there are a number of other considerations. Arguably the most important point would be whether this stock has a strong future ahead of it. Dividends are great, but if those dividends aren't sustainable, or the company doesn't have a strong history of dividend increases, then you might soon tire of that stock as an investor.

But there are a number of high-yield dividend stocks I would consider at this moment, many of which are actually trading well below fair value due to the current economic climate. So, let's take a look at three options.

CIBC

While **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) might not be the top bank you'll want ahead of a recession, its dividend yield certainly is. The bank recently reported some less-than-ideal results that had many investors worried ahead of a recession, and rightly so. CIBC stands to be quite affected by a market downturn, especially with a housing crisis, as a bank mainly focused on the Canadian market.

But even though CIBC might not make the gains of its peers, it certainly will rebound quickly after a recession. Canadian banks fared as some of the best in the world, and CIBC has the historical performance that proves it will continue that trend. As for its dividend, the stock has a whopping 5.61% as of writing, with an average increase of about 8% per year over the last five years.

CIBC trades at \$98.75 as of writing, with fair value at \$125. That's a 13% potential upside.

Inter Pipeline

Another heavy hitter in the high-yield dividend category is **Inter Pipeline** (TSX:IPL). This energy stock has had a lot of ups and downs in the last week due to the company receiving and then rejecting a potential unsolicited takeover bid. It has many investors wondering whether this stock might actually have something up its sleeve, especially with its recent investments.

Those investments include the [Heartland Petrochemical Complex](#), a topic of much discussion — both positive and negative. This comes from the \$3.5 billion price tag that came with the project — a price that will take quite a while for Inter Pipeline to pay off. But the company argues it's in growth mode, with even more projects down the pipeline and has a strong track record of consistent growth and financial performance, which are helping to already pay off these debts.

This most recent news makes the current share price at about fair value at \$24 per share, but the company's future outlook is even stronger, with a 12-month prediction of about \$28 per share. The stock is famous for its dividend yield, sitting at 6.90% as of writing, with an average increase of about 6% per year.

RioCan

Finally, it wouldn't be a high-yield dividend article without a real estate investment trust, and for my money I would go with **RioCan REIT** ([TSX:REI.UN](#)). While the stock is similar to Inter Pipeline, as it's fairly valued at the moment, it also has a strong future outlook with analysts predicting about \$30 per share in the next year.

After slowly falling from almost \$30 per share back in 2016, the stock started climbing up last April and is at about \$26.70 per share as of writing. This should increase as the company continues its turnaround process, with strong quarters to match. Most recently, its earnings more than doubled from the prior year to \$253 million.

But investors love this company [for its dividend](#), which is sitting at 5.5% as of writing. That dividend has increased 2% in the last five years, but there should be a lot of growth as this company continues its strong gains.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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