Cheap Passive Income: 2 High-Yield Dividend Stocks to Buy and Forget

Description

Every once in a while, you come across a stock that's just too darn cheap to ignore. Many such stocks are under pressure and are lacking in catalysts, making them unworthy of purchasing for investors who seek to make a quick buck.

For those who are willing to wait it out over many years, though, it does make sense to buy shares of a battered company as the tides slowly but surely change for the better. This piece will go into two such stocks that have fallen on hard times. They're both trading below historical average valuations and sport dividend yields that are well above their respective means.

Nutrien

The fertilizer kingpin **Nutrien** (TSX:NTR)(NYSE:NTR) sports a 3.9% dividend yield at the time of writing thanks in part to the stock's steady fall over the last year and a half.

There's no question that the market for potash and other agricultural commodities is bleak. Still, if you're willing to sit on an investment for at least five years, Nutrien could be a bet that pays off, as Nutrien continues to make improvements.

Fertilizer demand has been weak, but going into the new decade, there are reasons to be optimistic. China and India are two booming markets that could fuel a renewed appetite for potash and give the lift that Nutrien so desperately needs.

At the time of writing, Nutrien trades at 9.5 times EV/EBITDA and 1.17 times book, both of which are far below the stock's five-year historical averages. The price of admission into Nutrien is low. With the capacity to support generous dividend hikes moving forward, it'd be wise to nibble on a position before market conditions have a chance to improve.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is arguably the king of the oil patch, with landlocked assets that could fuel decades worth of production. For now, oil remains depressed and Canadian Natural won't be able to turn on the taps and bleed cash for investors.

On the cash flow front, Canadian Natural has still been impressing in spite of the unfavourable environment. For the third quarter, Canadian Natural clocked in $2.9 billion in adjusted operating cash flow, which is nothing short of remarkable.

With synergies being realized from integrating the assets purchased from Devon Canada, Canadian Natural is in a position to continue to reward investors with big annual dividend hikes, whether or not Western Canadian Select (WCS) prices can close the gap on West Texas Intermediate prices.

Although CNQ has been rallying of late, the stock remains absurdly cheap at just 7.2 times EV/EBITDA. For those willing to go against the grain, there's a 3.9% yield and a relative margin of safety to be had at below $40.

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