Yield Up to 118% Total Returns in 5 Years From These 5 Discounted Dividend Stocks

Description

As value investor will know, a decent market ratio means little by and of itself. Unless that attractive P/E or P/B is measured against a sector average, it isn't telling you very much.

This weekend, let's take a look at a few stocks that would suit a value investor looking for excellent value for money relative to their sector peers, while also paying offering growth and reliable dividends.

High returns with attractive valuation

Great-West Lifeco rewards investors with a rich and reliable dividend yield of 4.9% and is looking at income growth of 9.86% in the next ten years, which is not bad for the insurance industry. It's also excellent value for money, trading at a significant 50% discount off its fair value.

Transcontinental is discounted by around 70% of its potential value in terms of future cash generation, and with market ratios that undercut its sector the printing and packaging market leader is a solid buy for the value investor seeking passive income.

A 5.6% dividend yield makes for a rewarding buy, and there's more growth on the way with an annual income boost of 4.7% forecast.

Finding stocks on the **TSX** that mix value with passive income plus growth is no mean feat, but a wide moat option exists in **Rogers Communications**.

Yes, the sports media giant and popular wireless choice is still good value for money compared to other players in the sector. With a 3% dividend yield on offer, investors have a stock they can hold for long-term income.

Power up your income portfolio

Northland Power can't get enough attention at the moment, and is a key stock to stash in a TFSA or other long-range savings plan where dividend income and growth are needed.

A smart play on the green energy global growth trend, Northland Power is especially suited to a green economy investor looking to cash in over the long-term on growth in green industries such as international wind farms.

With over 13% annual earnings increases forecast, Northland Power adds to its low share price volatility and heavily discounted share price with reassuring growth.

In terms of risks, investors may be wary of its dividend track record and a certain level of debt. However, in terms of potential returns, Northland Power could significantly power up a stock portfolio with potential total five-year returns of 118%.

Montreal's own transport and logistics heavyweight, **TFI International**, still squares up attractively with other stocks in this sector, with a P/E of 12 and a moderate forward dividend yield of 2.3% to boot.

Its share price is trending upwards, having appreciated just under 20% in the last 12 months. Investors could see total returns of around 76% by 2025 by investing at today's price of $45.50 per share.

The bottom line

Canadian investors with relatively narrow financial horizons could find their wealth multiplied considerably by stacking shares in great TSX stocks such as Great-West Lifeco, Transcontinental, Rogers Communications, Northland Power, and TFI International.

Their combination of good value for money, passive income, and the potential for high capital appreciation make them standout buys at their current valuations.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:TCL.A (Transcontinental Inc.)
6. TSX:TFII (TFI International)

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