2 Unreasonably Battered Stocks Just Became Too Cheap to Ignore

Description

The COVID-19 pandemic has mercilessly battered many stocks in 2020. Investors fear the market because of high volatility and uncertainty. However, the downturn opens cheap buying opportunities for bargain hunters and income investors.

It's hard to ignore stocks like **Pizza Pizza Royalty** (TSX:PZA) and **Fiera Capital** (TSX:FSZ). Both trade at less than $10 but offer juicy dividends. You can make a killing from this pair of dividend stocks with minimal investments.

Better performance in the pandemic

Fiera Capital was developing an uptrend at the beginning of the year. The run went on until early March before news of a spreading coronavirus echoed around the world.

From a high of $12.40 on January 24, 2020, the stock slid to $4.78 on March 23, 2020 — a sharp drop of 61.4%. The stock has gone up since and is trading at $9.27 per share as of this writing. The attraction here is the 9.19% dividend yield.

If you have 6,000 to invest, the dividend payout is $551.40. In a Tax-Free Savings Account (TFSA), the amount is tax-free. Your money will compound if you will keep reinvesting the dividends.

Fiera Capital is a $943.88 million independent asset management firm. The company caters to institutional investors, mutual funds, charitable organizations, and private clients. It invests in the public equity and fixed-income markets around the world but more on the Canadian market.

As of March 31, 2020, the assets under management are worth $158.1 billion. For Q1 2020, Fiera Capital reported a $12 million net profit compared to a net loss of $6.6 million. The company is doing better in the health crisis.

Pizza sales are down

Pizza Pizza took a beating this year, as it fell from $9.78 in late January to $5.51 past mid-March. But the restaurant stock was able to pare the 43.7% loss. The current price is $8.83 per share, following a rally in May.

Dividend investors will delight in the 6.93% yield. Assuming Pizza Pizza can sustain the yield, any amount of investment will double in fewer than 10-and-a-half years. A dividend cut, however, is a possibility if cash flows continue to be weak.

The global crisis has had a significant impact on restaurant operations. Pizza Pizza saw system sales in the royalty pool decrease by 6.1%. From $133.9 million in Q1 2019, it went down to $125.8 million in Q1 2020. There are 749 restaurants in the pool.

The Royalty Pool System Sales of Pizza Pizza consists of delivery, pickup, walk-in and non-traditional sales. The business slowdown began in the last two weeks of March. There was a significant decline in walk-in sales at the height of the pandemic. Somehow, delivery and pickup sales partially offset the lost business.

Walk-in sales have modestly improved in May. Pizza Pizza is hoping to see improvement with the easing of social distancing policies and the full reopening of the economy.

Invest with caution

Whether it's a bull or bear market, there are earning opportunities. Fiera Capital and Pizza Pizza are enticing choices, because both are trading at bargain prices and paying high dividends. Still, you have to approach the market with caution. The pandemic is one of a kind.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. TSX:FSZ (Fiera Capital Corporation)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

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