



Revealed: 5 Cheap Dividend Stocks Trading Under \$10

Description

Many investors love cheap stocks. There's something enticing about getting a whole bunch of shares in exchange for just a small investment.

There's only one thing better, and that is cheap dividend stocks. Because, as every good value investor knows, being paid to wait while an inexpensive stock turns around is a good thing.

Let's take a closer look at five cheap dividend stocks — companies trading for under \$10 per share.

Extencicare

COVID-19 has decimated the long-term-care industry, creating [buying opportunities in the sector](#). I've recently added to **Extencicare** ([TSX:EXE](#)) in my own portfolio.

Some investors are certain the industry will be changed forever, but I'm not so sure. Without long-term care, families will be forced to take care of aging loved ones on their own — a burden that will cause stress for many. Senior living homes also give the elderly a little bit of independence.

In other words, I don't think this sector will change as much as others think.

Meanwhile, investors get the opportunity to load up on a recession-resistant business on the cheap. Last year, Extencicare earned \$0.59 per share in adjusted funds from operations, which was a weaker year compared to 2018. Shares trade hands at just over \$6 each, putting them just barely above 10 times trailing cash flow. This should prove to be an excellent buying opportunity over the long term.

And if that's not enough, investors get paid a robust 7.9% dividend while they wait.

Another cheap dividend stock is **Sienna Senior Living**, which offers a much more attractive 9.4% yield. Investors should keep in mind that dividend is significantly more risky than Extencicare's, but could be an attractive investment if management can turn it around.

Cominar REIT

Cominar REIT (TSX:CUF.UN) is the owner of 328 different retail, office, and industrial properties, primarily located in the province of Quebec. It is Quebec's largest commercial landlord with a portfolio spanning more than 35 million square feet of gross leasable space.

This cheap dividend stock is a screaming buy based on a few different valuation factors. It trades at less than half book value, thanks to COVID-19 decimating the outlook for commercial real estate. Or, to put it another way, Cominar trades for a little over 10 times 2019's adjusted funds from operations. That's an excellent valuation, especially if you believe real estate will bounce back.

Cominar has slashed its dividend twice in the last five years, but the current payout should be sustainable. The distribution is \$0.06 per share each month — good enough for an 8.6% yield.

Another cheap eastern Canadian REIT is **BTB REIT**, the owner of 65 properties in Ontario, Quebec, and Atlantic Canada. This cheap dividend stock offers an even better yield; its payout is 9.1%.

Mullen Group

Mullen Group (TSX:MTL) is one of Canada's largest trucking and logistics companies. It has acquired approximately 70 different targets since 1993. This sector is still quite fragmented, which should open the door for more acquisitions.

The company has struggled lately, as its oilfield services division hasn't performed up to expectations. That's been offset slightly by solid growth offered by its less-than-truckload segment, but investors have still shunned the company. Shares dipped below \$10 each in 2019 and haven't recovered.

This cheap dividend stock is an interesting buy from a couple different perspectives. Firstly, it trades for approximately five times trailing cash flow. It also owns a network of warehouses that were purchased for just under \$600 million. The company's market cap, meanwhile, is just under \$800 million. Investors are paying a cheap valuation for the trucking company and getting the [real estate](#) for free.

Mullen has temporarily suspended its dividend but should be back to paying \$0.05 per share on a monthly basis by the latter half of this year.

The bottom line on these cheap dividend stocks

Some investors think all the bargains are gone now that stocks are up substantially off the bottom. They couldn't be more wrong. There are dozens of cheap dividend stocks out there — the kinds of names that offer nice upside potential plus solid income while you wait. It doesn't get much better than that.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:MTL (Mullen Group Ltd.)

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