



3 Dividend Stocks Under \$10 to Buy in 2020

Description

When it comes to the stock market, safety is relative. In 2020 we have seen some of the most classically defensive sectors take a comprehensive hiding. No industry has been immune, with everything from REITs to insurance, banks to utilities taking a hit. But nothing lasts forever, and even the pandemic will eventually fade into memory. So let's look at three areas that in times past would be considered safe – and likely will be again.

Even healthcare stocks took a hit

With a dividend that yields a little over 8%, **Extendicare** ([TSX:EXE](#)) is an unloved stock that should have been tailor-made during a health crisis. Unfortunately, the pandemic has taken the shine off senior living stocks — and perhaps rightly so. But looking toward the longer term, Extendicare should have the qualities needed to outrun the coronavirus. Plus, investors buying shares now can lock in that juicy yield.

Extendicare's share price is an appealing \$5.77 at the time of writing, which means that investors can snap up a whole basketful of shares for very little outlay. Of course, it's the multiplier that counts when it comes to share price appreciation. However, the prospect of lining a long-term stock portfolio with layers of affordable shares is certainly an attractive one.

Look for stocks with “comeback charisma”

Vermilion Energy ([TSX:VET](#))([NYSE:VET](#)) shares sell for a tempting \$4.79 at the moment, down from a 52-week high of \$24.47. For investors seeking out some thoroughly chewed over names in the hydrocarbon fuel space, Vermilion is a strong buy. And just look at that momentum: this stock has the ability to rally hard.

Again, it's the multiplier that counts, so consider some of those momentum based percentages. Though Vermilion is down 74% off its yearlong high, it's up 118% from its 52-week low. This is certainly food for thought, especially for investors looking for names that could rally on a recovery. While the [long-term outlook for fossil fuels](#)

is weakening, a post-pandemic rally could see fuel demand rocketing.

Oil stocks not safe enough for you? How about a mining stock with a reliable dividend? Enter **Lundin Mining** ([TSX:LUN](#)) for \$8.12 a share. This stock is well diversified, spanning the safe haven of gold, the tech-and-renewables play of copper, and the versatility of zinc all in one stock. And about that dividend – Lundin pays a 1.9% yield, which is decent for the mining space.

In a world of ratcheting upside in an unsustainable market catering to a logically finite pandemic, quality is king. I wrote about this the other day, comparing the sense of buying Lundin with the folly of trusting **Zoom**'s rocketing share price. "A stock like Zoom is focused on momentum specific to the pandemic," I wrote. "This could prove far less sustainable than a stock that offers steady appreciation over the long term."

Investors should therefore consider sidestepping currently [overvalued pandemic-centric stocks](#). In their place, names with comeback charisma should form a "relief rally" segment in a stock portfolio. Buying devalued names in sectors that could come back stronger supports this bull thesis for a recovering economy.

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1. Dividend Stocks
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1. NYSE:VET (Vermilion Energy)
2. TSX:EXE (Extendicare Inc.)
3. TSX:LUN (Lundin Mining Corporation)
4. TSX:VET (Vermilion Energy Inc.)

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