Love High Dividend Yields? 3 Beaten-Down Stocks Look Attractive

Description

While the resurgent coronavirus is limiting the recovery in some of the TSX-listed stocks, they continue to offer high dividend yields, making them attractive investments for income investors. Besides the high dividend yields, medium- to long-term investors could also witness healthy appreciation in the value of their investments, thanks to the expected recovery in these stocks.

Without further ado, let's focus on some of the beaten-down names offering high dividend yields that are sustainable in the long run.

Enbridge

With a year-to-date decline of about 22.6% and a high dividend yield of 8.5%, **Enbridge** (TSX:ENB)(NYSE:ENB) is a must-have stock for income investors. The energy infrastructure giant has been paying dividends since 1953. Moreover, Enbridge's dividends have grown at a compound annual growth rate (CAGR) of 14% since 2008.

While an uncertain energy outlook remains a drag, Enbridge's diverse cash flow streams ensure that its payouts are safe. The company's gas and renewable power business continue to perform well, while the long-term contractual arrangements reduce volume and price risks.

Enbridge's mainline throughput volumes are likely to improve with the pickup in the economic activities and support the recovery in its stock. The pullback in its stock presents an excellent buying opportunity for investors to play the recovery rally in energy stocks while benefiting from steady dividend income.

Canadian Utilities

Shares of the utility giant **Canadian Utilities** (TSX:CU) should also be part of your income portfolio , thanks to the company's long history of consistently increasing its dividends (for 48 years in a row). Canadian Utilities stock is down about 10.5% year to date and offers a high yield of 5.2%, which is very safe.

The company's most of the earnings come from the regulated utility business, implying that its cash flows are stable and are likely to support its future payouts. Canadian Utilities expects to invest $3.5 billion in contracted assets in the coming years, which is likely to strengthen its cash flows.

Investors should note that Canadian Utilities's investments in regulated assets should help grow its rate base and, in turn, its dividends in the coming years.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another beaten-down stock offering a high dividend yield. Shares of Bank of Montreal are down about 14% year to date and offer an annual yield of 5%.

While interest rate cuts and a significant surge in provisions weighed on the shares of the banks, a continued improvement in loan and deposit volumes are supporting the recovery in Bank of Montreal stock.

Bank of Montreal's diversified businesses and expected improvement in credit losses provisions should cushion its bottom line and, in turn, its payouts. The bank's top line improved both sequentially and year over year during the most recent quarter, reflecting an expansion of its balance sheet. Further, its pre-provision, pre-tax earnings recorded double-digit growth. The bank has paid dividends since 1829. Meanwhile, it has been growing at a healthy mid- to high-single-digit range over the past several years.

Bottom line

Though the pandemic has dragged the shares of these companies down, the dividend payouts remain safe. All these companies generate high-quality earnings that continue to support future dividends. Income investors looking for high yields could consider buying these dividend-paying stocks that offer great value.

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1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)

4. TSX:CU (Canadian Utilities Limited)
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