3 High-Yield TSX Stocks at Rock-Bottom Prices

Description

In three months, we will see the anniversary of the March 2020 crash. In the last nine months, the stock market has made a full recovery, and the S&P/TSX Composite Index has finally reached its pre-pandemic peak. While this is good news for investors who banked on a swift recovery and turned in a profit by investing in growth-oriented recovery stocks, it's also a warning sign.

The market was quite overpriced, even before the crash, and it's now at the same level, while the underlying economy has dropped down further. And even though the Buffett Indicator is not blaring warnings for the Canadian stock market, the TSX might be due for a correction. But if you want to add some underpriced, high-yield stocks to your portfolio and don't want to wait till another crash, there are three that might deserve your attention.

An industrial stock

Wajax (TSX:WJX) has been serving the Canadian industrial sector for about 160 years. It creates and distributes industrial parts and components and serves seven major industries, including construction, oil sands, and forestry. It has a market capitalization of $285 million. Despite having a debt that far outweighs its market cap ($405 million), the company has a strong balance sheet thanks to a solid asset base.

Unlike other stocks on this list, Wajax has made quite a recovery after the crash, and it's trading at a price even higher than its pre-pandemic highs, but its near fair valuation, and a juicy 6.4% yield makes it a stock worth considering.

An energy Aristocrat

Long-standing Dividend Aristocrats rarely offer very generous yields, but as the result of the massacre the energy sector experienced in 2020, you have a chance to bag the 19-year-old Aristocrat **TC Energy** (TSX:TRP)(NYSE:TRP) while it is offering an attractive 6.39% yield. Another reason to consider this stock is the 28% discount (from its pre-pandemic share price).

The energy sector is not very stable right now, but gas companies might have a brighter future than oil companies. And since TC Energy relies more heavily on its gas business than its oil section, it's one high-yield stock from the energy sector that you might be able to keep for a long time. It doesn't offer a lot of capital growth potential, but its dividend-growth rate has been relatively generous: 43% in the last five years.

A generous REIT

2020 has been rough on REITs, and many beloved high-yielding REITs had to slash dividends, but not **Nexus REIT** (TSXV:NXR.UN). This little REIT sustained its $0.0133 per share per month payout, and without its payout ratio going through the roof. It's offering a mouthwatering 8.29% yield at a very steady payout ratio of 31.99%.

It's also a great catch from a valuation perspective, since it's currently trading at a price-to-earnings ratio of just four and price-to-book ratio of 0.7 times. The balance sheet of the company is strong, and it has been growing its revenue yearly for the past six years. Nexus's portfolio consists of office, industrial, and retail properties.

Foolish takeaway

These stocks are the few remaining remnants of the previous crash that are still attractively valued and fundamentally strong enough to be good additions to your investment portfolio. But if another crash is on the horizon, it might present even more amazing opportunities. So, keep an eye on your favourite dividend stocks and make a move when they hit rock bottom.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:NXR.UN (Nexus Real Estate Investment Trust)
3. TSX:TRP (TC Energy Corporation)
4. TSX:WJX (Wajax Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/24
Date Created
2021/01/13
Author
adamothman