



3 Top, Undervalued, High-Yield Stocks for April

Description

In April 2021, the pool of undervalued, high-yield stocks is rapidly shrinking. That's thanks to the unprecedented rally in stocks we've seen over the past year. Early on, it was mainly tech stocks that rallied. More recently, we've seen dividend-paying value stocks soar. With the vaccine rollout underway, investors are betting that we'll be able to get back to business as usual. That's good news for value stocks, which got hit hard by the pandemic.

Today, the yields on offer are much lower than they were a year ago. But still, there are high yields to be found. If you look among banks, telcos, and energy stocks, you can find yields north of 4%. In this article, I'll explore three such stocks worth researching in April.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is Canada's [highest-yielding Big Six bank](#) at the moment. As of this writing, it had a 4.7% yield. That's higher than most of CM's competitors, whose recent gains have pushed the yields down into the 3% range. That's not to say that CM hasn't seen gains of its own. Up 15% for the year, it has performed about as well as its competitors. But its yield has historically been much higher because of negative sentiment toward the stock. Today, that's changing. CM had 34% year-over-year earnings growth in its most recent quarter — the best of all Big Six banks in that period. If this earnings growth continues, then you can expect CM's stock to keep performing well.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a telco stock with a 4.8% yield. Over the last 10 years, it has averaged about 9% annualized dividend growth. That's a pretty high dividend-growth rate for a telco. And it could continue. Telus is currently in the process of rolling out 5G. Some think it is admirably positioned among Canadian telcos for the new standard. Its network isn't currently as large as **Rogers's**, but its overall business compares favourably in some ways. For example, Telus doesn't have any media

holdings, a business area that many other telcos are invested in, which held back their earnings in 2020.

Enbridge

If you're looking for a *really* high-yield stock, look no further than **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). With a 7.2% yield as of this writing, it throws off \$7,200 in annual cash on a \$100,000 position.

As a pipeline company, Enbridge makes money by shipping oil around Canada as well as to and from the United States. It is currently experiencing some headwinds in Michigan, where the governor is trying to shut its Line 5 pipeline down. Shipping [540,000 barrels of light crude oil per day](#), Line 5 would cost Enbridge a lot of money if it were shut down. However, the company does not believe that Michigan will succeed with its shut down efforts and believes it can work out a political solution. It can also appeal the decision in court.

Certainly, there are real risks facing Enbridge today. But it has faced risks in the past and still forged on ahead. It faced multiple legal challenges to its Line 3 pipeline construction and eventually beat all of them. This isn't a company you want to count out.

CATEGORY

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3. NYSE:TU (TELUS)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ENB (Enbridge Inc.)
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