3 Canadian Value Stocks Paying a 5% Dividend or More

Description

It is getting harder and harder to find dividend stocks that pay an attractive yield these days. Since it is difficult to acquire a decent yield from bonds, many investors have had to look to stocks for their income needs. Consequently, it has driven most good-quality dividend stocks up in value.

If you want to collect a higher-than-average yield, you have to be willing to do some digging. You will have to buy some stocks with a little bit more risk involved. These are generally in less-favourable sectors like energy and real estate. However, if you are prudent, you might still find some gems in the rough. You just have to be prepared to be patient.

A dividend stock set for a post-pandemic recovery

Chartwell Retirement Residences (TSX:CSH.UN) is one such stock you need to be patient with. It is Canada's largest publicly listed retirement living provider. 90% of its income comes from seniors retirement living and only 10% comes from long-term care. This dividend stock has faced some serious challenges during the COVID-19 pandemic.

Not only did it have to battle the virus to protect its residences, but it has not been able to lease vacant suites due to lockdown rules. However, all of that is starting to change. A large majority of its residents and staff have already been immunized.

As a result, it will greatly benefit from the world re-opening out of the pandemic. There is a significant amount of pent-up demand for its suites. This REIT pays a nice, well-covered dividend just below 5%. Its stock has been having a nice rebound lately, and I expect this will continue as the world normalizes again.

A dividend stock with a stable cash flow stream

Enbridge (TSX:ENB)(NYSE:ENB) is another dividend stock that will benefit out of the pandemic. It is one of North America's largest transporters of oil liquids and natural gas. I like this company, because it has a very resilient operational platform. It is basically a toll road for the North American energy market. Producers have no choice but to contract with Enbridge. Higher production means strong pipeline volumes.

Enbridge produces stable cash flows that support its 7.3% dividend. Of course, it faces some challenges with its pipeline in Michigan and its Line 3 replacement project. These are risks you have to consider. However, overall, the company is diversified and well managed. It is diversifying its business to participate in the renewable energy transition. As a result, I think this stock can continue to keep producing dividends for many years ahead.

A great value stock that produces ample income

Superior Plus (TSX:SPB) is another energy stock that actually has some pretty attractive growth opportunities. It is a leading distributor of propane in Canada and the United States. It pays a nice 5% dividend that is incredibly well covered by cash flows. However, there is reason to believe this stock will be more than a dividend stock for years to come.

It recently sold a specialty chemicals business that did not align with its propane business. Hence, today its balance sheet is in a great position. It is now poised to focus on propane distribution 100%. It is utilizing its strong operating platform to consolidate other propane distributors. Last year, it acquired $288 million of new tuck-in acquisitions. It has an even larger pipeline in 2021. All in all, this dividend value stock is growing in size, quality, and, most importantly, in earnings.

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2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SPB (Superior Plus Corp.)

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