Retirees: 3 TSX Value Stocks on Sale Right Now!

Description

If you're retired, you might bemoan the lack of high-yield value investments available today. A rising stock market has pushed dividend yields lower and P/E ratios higher. Faced with this situation, you might feel resigned to lower yield going forward. But before you give up hope for value and yield, it helps to look at the landscape. While the broad market indexes are fairly expensive and low yield, there are many individual investments that offer value and dividends aplenty. In this article, I will explore three such investments you can buy on the TSX today.

Northwest Healthcare Properties REIT

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a Canadian REIT that rents out healthcare office space. At today's prices, it yields about 6%. That means you get $6,000 in annual cash back on a $100,000 position — assuming no dividend hikes.

Northwest Healthcare has operations in both Canada and the European Union. In both of these regions, healthcare is largely government funded, giving Northwest's tenants unparalleled ability to pay. That fact is borne out in the company's recent results. In 2020, NWH.UN collected a 97% share of typical rent. In the same year when COVID-19 was devastating residential and retail REITs, Northwest thrived. Still, the stock is cheap enough that you can get a solid 6% yield on it — not a bad dividend play for 2021.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a Canadian bank stock that yields 3.66%. That's not quite the monster yield you'll get with NWH.UN, but it has a lot of growth potential. In the first quarter, Royal Bank's earnings increased by 10% year over year. That easily surpassed analyst estimates and provided fuel for dividend increases going forward. Over the last five years, RY has increased its dividend by 6.34% annualized. Despite that, it still has a fairly low payout ratio. So, if you buy it today at a 3.7% yield, you could see a much higher yield on cost in the future.

BCE

Last but not least, we have **BCE** (TSX:BCE)(NYSE:BCE). BCE is a mega-high yield telco stock that pays out 6%. Before going any further, I should clarify that this stock's high yield is partially due to poor capital gains. The stock is down slightly over five years, and such negative price movements increase the yield. But it can also indicate a business that's not in such a great place.

Nevertheless, BCE's yield today is high. It is also backed by some dividend growth. Over the last five years, BCE's dividend has grown by about 5% annualized. If that continues, then your yield on cost tomorrow will be higher than your yield today. Of course, BCE stock is down for a reason. Its most recent quarter saw negative year-over-year growth rates in revenue, net income, and free cash flow. It should also be noted that BCE has substantial investments in media, and advertising revenue has been lower in the COVID-19 era than it was before. Continued dividend growth is far from guaranteed, but the yield today is already very high, and the stock may see gains in the post-pandemic world.

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3. TSX:BCE (BCE Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:RY (Royal Bank of Canada)

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andrewbutton