3 High-Yield Canadian Stocks at Rock-Bottom Prices

Description

High-yield Canadian stocks at rock-bottom prices are out there if you're willing to put in the effort to search. In this piece, we'll have a look at three names, which, while riskier, possess juicy payouts that are likely to compress as a result of capital appreciation going into year-end. Undoubtedly, each high-yield play will not be everybody's cup of tea. The higher the yield, the more risk one will have to bear. But as a part of a diversified portfolio, I think the potential for rewards outweighs the risks taken on by the investor.

High-yield stocks at decent valuations

Without further ado, consider **H&R REIT** (TSX:HR.UN), **CT REIT** (TSX:CRT.UN), and **KP Tissue** (TSX:KPT), which offer yields of 4.2%, 4.8%, and 7%, respectively, at the time of writing.

H&R REIT

H&R REIT probably lost some long-time shareholders when it decided to reduce its distribution amid the chaos last year. Undoubtedly, office and retail properties took a massive hit to the chin amid lockdowns. At this juncture, I believe retail space demand will recover quicker than that of offices. Heck, given new work-from-home technologies, some have discovered that it's really not necessary to go into an office in the first place.

Undoubtedly, working from anywhere (WFA) is the likely future of work. And as a result, H&R REIT's office portfolio could be worth considerably less. Still, I find the damage to shares to be excessive. The REIT has taken steps to reduce its office exposure to some of the most vulnerable markets. With the sale of Calgary's Bow Tower in the cards, H&R is poised to become a better version of itself. And for that reason, I think it's a mistake to pass up on the diversified Canadian REIT here.

CT REIT

CT REIT deserves a gold medal for its performance last year. I'd pounded the table on the REIT after its nearly 40% implosion, citing that it would benefit from its top tenant **Canadian Tire**, which had a rock-solid balance sheet and would likely never miss a month's rent. I called CT REIT a "safe" way to profit from the iconic retailer's resilience and balance sheet.

Undoubtedly, a REIT is only as good as its tenants and their ability to pay. And while its tenants did face pressure, as did most of its peers, CT REIT was able to shrug it off and move higher. Today, shares broke out to a new all-time high of $17 and change. I think it could add to it and would encourage income investors to scale into a position while the yield is near 5%.

KP Tissue

It's been a rough year for KP Tissue, thanks to elevated input costs and a lack of hoarding activity that led the name to spike back in early 2020. Undoubtedly, all such gains have been wiped out. But that's why I'm a fan of shares here, as valuations haven't looked this great in quite a while. As input costs reverse, KP Tissue stock may also be in for a bounce. In the meantime, investors can collect the juicy but stretched dividend at just 1.3 times book value.

The company recently came off an unexpected quarterly loss. And with most investors moving on, I think now is a great time to start doing some nibbling if you've got a high tolerance for volatility.

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2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:KPT (KP Tissue Inc.)

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