



Got \$5,000? These 2 High-Yielding Dividend Stocks Are Near Their 52-Week Lows

Description

If you're looking for high-yielding dividend stocks, there are plenty of attractive options today. Interest rates have risen quickly, and unfortunately asset/debt-heavy businesses (like utilities, renewables, REITs, and industrials) have been marked-down.

The stock market often shoots first and asks questions later. The good news is that quality businesses tend to bounce back quickly when market or economic sentiment recovers. If you're not afraid to buy some beaten down stocks, there are plenty trading with [attractive valuations](#) and high yields.

If you've got \$5,000 to put to work and are interested in long-term passive income and potential capital upside, here are two high-yielding dividend stocks that may be close to bottoming.

A beaten-down utility stock with a huge dividend

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is down 21% over the past year. It hit a 52-week low just last week when it traded for \$13.86 per share. Its stock has recovered to some extent at \$14.60 today.

AQN still trades with a very high 6.7% dividend yield. For context, it has never traded with a dividend yield over 6.3% in the past 10 years, and its 10-year average is closer to 4.7%. Now, there are a couple of reasons for this.

Algonquin's deal to acquire Kentucky Power Company for \$2.646 billion has had several hiccups and has been delayed to early next year. Algonquin issued a significant amount of debt and equity to fund the deal and the delay will cause some temporary earnings dilution.

Today, Algonquin is sitting with 8 times debt-to-EBITDA (earnings before interest, taxes, depreciation, and amortization), which is high, even for a utility. Once the Kentucky Power deal completes, this will quickly come down. However, in the meantime, the stock market is pricing in an elevated level of risk for this stock.

Fortunately, this is likely only temporary. Algonquin operates a diversified mix of high-quality utilities and [renewable power](#) assets. It has a solid track record of acquiring underperforming utilities and unlocking higher returns. It just announced the [sale](#) of some stabilized renewable power projects, and the proceeds can be used to reduce debt or invest in higher growth opportunities.

While it is higher risk, investors have the opportunity to earn an attractive dividend (that is likely to grow annually) and enjoy some good upside when Algonquin proves out its growth and acquisition strategy.

A discounted REIT with a massive monthly payout

NorthWest Healthcare Real Estate Investment Trust ([TSX:NWH.UN](#)) stock has fallen 27% to a near 52-week low today. This stock is trading with a massive 7.7% dividend yield.

NorthWest owns and operates a diverse portfolio of healthcare properties around the globe. Rising interest rates have caused real estate values to drop and that is impacting NorthWest.

However, given its global portfolio, currency and economic headwinds could be short-lived. The [REIT](#) has a very defensive portfolio and a 97% occupancy rate, with a weighted average lease term of over 14 years.

Healthcare is just as essential as utilities, so the REIT garners persistent demand for its properties. 82% of its leases are indexed to inflation, so that also provides a decent hedge against inflation/rate headwinds.

Likewise, the REIT is transitioning to a new asset management model, which could produce accretive growth going forward. Currently, this transformation is not factored into the stock price. While investors wait for this to materialize, they can collect an attractive monthly distribution.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Flipboard

3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. robbybrown

Category

1. Dividend Stocks
2. Investing

Date

2025/08/23

Date Created

2022/10/20

Author

robbybrown

default watermark

default watermark