It’s Not Too Late to Buy These Ultra-High-Yield Dividend Stocks

Description

When markets sell off significantly, many investors know that it creates an incredible opportunity to buy stocks while they are cheap. Though, as dividend stocks sell off, not only do they become cheaper, but the dividend yield they offer rises.

Therefore, if you can find high-quality companies that can weather the storm while the economy cools off and pay a significant dividend, you can buy those stocks today while they offer an ultra-high yield.

You won’t want to just buy any high-yield dividend stock, though, since a surging dividend yield can often be a red flag. This can mean the dividend is unsustainable and could soon be trimmed in the future.

However, there are certainly some high-yield dividend stocks that are too cheap to ignore and should be able to continue paying their dividend, even if economic growth does slow in 2023.

So if you’re looking to grow your passive income stream, here are two ultra-high-yield dividend stocks to consider today.

This ultra-cheap dividend stock offers a yield upwards of 11.5%

One stock that any dividend investor will at least want to consider today is **Corus Entertainment** (TSX:CJR.B). Corus is a media stock that has been beaten down all year as the economy slows down.

Because its main business is operating TV channels, it’s susceptible to a slowdown in advertising spending. And advertising across all platforms has been slowing down all year. Therefore, many investors are worried that Corus’ business could suffer in 2023.

At the same time, though, Corus earns tonnes of free cash flow and, for over two years, has been paying down a significant amount of its debt.

It’s in far better shape than it’s been in the past and should be able to weather a slowdown better than much of the market expects.

Still, in its most recent quarter, sales were down just 6%, and with rising costs, its gross profit fell by nearly 50%. So this understandably has investors concerned.

At the same time, in that same quarter, Corus essentially generated enough free cash flow to fund the dividend for an entire year. Plus, that's historically Corus' worst quarter of the year.

Therefore, while the stock certainly does have some risk, it looks as though it may not have to trim the dividend, especially if it can continue to generate attractive cash flow. That's why if you're looking to buy a high-yield dividend stock now, Corus is certainly one of the first to consider.

A top Canadian energy stock

Another high-quality dividend stock that's not too late to buy is **Freehold Royalties** (TSX:FRU). Freehold has been rallying for years now and has increased its dividend on seven occasions since starting to recover from the pandemic.

The stock is ideal for dividend investors as it has an asset-light business model and less risk than many other energy producers in Canada. Furthermore, it's constantly generating tonnes of cash flow, has no capital expenditures and therefore is consistently returning tonnes of cash to investors.

Plus, in this environment, as volatility rises, investors have the opportunity to buy Freehold while it's cheap and offers an attractive dividend.

As of Friday's close, Freehold was trading at $16.12, roughly 10% off its high, and offering a dividend yield of 6.7%.

However, as recently as just a few weeks ago, Freehold traded as cheaply as $15 a share and offered a dividend yield of 7.2%.

So if you're looking to grow your passive income and want a high-quality and reliable dividend stock to buy, this one fits the bill. I'd add Freehold to your watchlist and consider taking a position as the stock sells off in the current market volatility.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:FRU (Freehold Royalties Ltd.)

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