High-Yield Dividend Stocks: 2 to Buy and 1 to Avoid

Description

High-yield dividend stocks can give some investors excitement, and others the heebie-jeebies. You might think you're getting all this passive income then suddenly see it cut! Or you see shares down and become too worried to buy up these dividend stocks.

Today I'm going to cover some of the highest yields out there. Dividend stocks offering yields around 10%, some even higher. We'll look at two I would recommend buying today and one I would avoid.

Buy: Fiera Capital

Fiera Capital (TSX:FSZ) is the first of the dividend stocks I would recommend. It has an enormously high dividend yield at 9.91% as of writing and one that's climbed higher and higher over the past few years. In fact, it now even holds Dividend Aristocrat status, increasing its dividend at a compound annual growth rate (CAGR) of 9.1% over the last decade.

Shares of Fiera stock are down but not by much when you consider the share price. It's down 16.5% in the last year alone, and trading near value territory at 15.96 times earnings. And given management's strong track record of investing in solid growth and value stocks, I would certainly consider picking up this stock.

Finally, want proof of how well it can do? Fiera stock has grown in share price 147% over the last 20 years. That's a CAGR of 7.6% as of writing.

Buy: NorthWest REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) hasn't increased its dividend since coming on the market a few years back. However, it hasn't cut its dividend either. Yet it remains stable, and that's enough for me to recommend it these days.

NorthWest REIT has been expanding its properties to bring in more long-term revenue from a diverse range of healthcare properties. Further, these are located around the world and retain a high occupancy rate. So, while the company is using its funds for expansion now, that won't be forever.

Even so, today, investors can lock in a dividend yield of 8.18%, while shares trade at just 8.54 times earnings and are down about 28% in the last year alone.

Avoid: Peyto Exploration

Another dividend stock I'd like to discuss is **Peyto Exploration and Development** (TSX:PEY). On the surface, Peyto stock looks like a solid oil and gas company, providing secure income from its contracts. However, I wouldn't exactly be too sure of that.

The key to the overall company performance comes down to its dividend. Right now, investors can bring in a dividend yield of 10.73%! That's astoundingly high and, like Fiera stock, the dividend comes out monthly. However, it's the history we want to look at here — especially in terms of its dividend.

Peyto stock has cut its dividend several times over the last few years, and it remains lower than it was even a decade ago. Further, during hard times, the company slashed it down to just $0.01 per share quarterly, meaning it cut back even from being a monthly passive-income provider! Frankly, it's too volatile to consider as a passive-income stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FSZ (Fiera Capital Corporation)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PEY (Peyto Exploration & Development Corp)

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Date
2025/06/30
Date Created
2023/01/15
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