

how do you get penny stock returns but  
still cash in while you wait  
in this video i'll show you how to  
create a list of penny stocks that pay  
dividends  
we'll use a simple penny stock screener  
then narrow our list  
then i'll reveal seven penny stocks to  
watch that pay you while you wait  
we're talking penny stocks that pay  
dividends today on let's talk money  
hey bowtie nation joseph hogue here with  
the let's talk money channel i want to  
send a special shout out to all you out  
there in the nation  
thank you for spending a part of your  
day to be here if you're not part of  
that community yet just click that  
little red subscribe button it's free  
and you'll never miss an episode nation  
you know we love those penny stocks here  
on the channel from veriton to tell  
euron and  
ryerson even lagging elevate credit has  
produced a 100  
plus return in less than a year but we  
also love us some dividends right  
and when your holding period for a penny  
stock is three to five years  
that's a long time to wait without  
getting paid and while most penny stocks  
don't pay dividends you can get both  
if you know where to look in this video  
we'll start with a simple stock screener  
to start our penny stocks dividend list  
i'll then show you what to look for and  
how to narrow your list  
and how to pick the best for return and  
cash flow then i'm going to reveal the  
seven penny stocks to watch for the best  
of both worlds  
i want to get started here and jump into  
those penny stocks but stick around  
because  
after those seven stocks i'm gonna  
highlight three dividend penny stock  
traps that you  
need to avoid now i'll start my penny  
stock list with the screener on weeble  
and we'll be using the app for research  
into each stock as well  
i'll start by filtering for stocks with  
a market cap under 500 million dollars  
but you can play around with this

and really anything under a billion dollar market cap and here i want to address this because i know i'm going to get all kinds of comments there is no official definition for a penny stock the unofficial accepted basis is just a company under a billion dollar market gap now those are the kind of small companies with that flexibility and that that potential for growth that we're looking for now what a penny stock definitely is not though is just a stock under like five dollars or one dollar per share you see nation stock price really means absolutely nothing for the value of a company or its potential growth it's a simple function of the market cap of the company how much all those shares are worth and the number of shares issued for example siriusxm is a 26 billion dollar company absolutely huge and nobody would ever consider this a penny stock but since it has 4.1 billion shares issued each one trades for just six dollars and 32 cents each now compare that with tiny little 98 million dollar webco industries a steal maker out of oklahoma with shares up 37 in the last year and really that penny stock potential for growth but because the company only has 887 000 shares issued each one trades for a hundred and ten dollars each so just don't think that penny stocks have to be low price low price stocks aren't cheap and high price stocks aren't necessarily expensive to find that valuation you need to be looking at things like that price to earnings or the price to sales back to the screener though and next we're going to make sure that our list only includes dividend-paying stocks so we'll move this slider to include stocks that pay at least a one percent yield now that's the basics but i like to use

this return on equity filter and the return on assets filter to find companies producing that positive return on its assets and on their equity it's just a quick way to narrow your list down to the top performing penny stocks

so we'll move these sliders on both of these to at least a positive return there are also some of these technical filters here and sometimes i'll use this rsi 24 oversold screener to find those stocks with

good technical upside but since i'm looking for these long-term holdings here i'm not going to worry about it now you can see how many stocks match your screener at the bottom and i can save my screen and it's going to keep updating anytime i click on it so i'll name this one penny stock dividends i'll be putting all seven of these penny stocks into my paper portfolio on weeble to follow

i like the research here i get with weeble but i love the stock simulator feature

the app gives you a million dollars to use in that paper portfolio to track your favorite ideas before you invest real money i'll leave a link to weeble in the video description below use that link and you'll get up to two free shares of stock worth up to sixteen hundred dollars when you open an account and make your first deposit you'll get two free shares a great app for investing and you'll be supporting this channel so i thank you for that now i'm gonna show you the seven dividend paying stocks next but what you're going to notice

is that there's a lot of regional banks asset managers and then business development companies those bdc's on the list

now these aren't going to be those 10x kinds of penny stocks that you might expect

but they can still produce a high return and strong cash flow while you wait in fact the seven stocks that i'll show you averaged a 65 return over the past year and a dividend

yield more than twice the market average  
now the question is though and i want to  
get your opinion on this  
would you rather have that higher  
potential growth and maybe a penny stock  
company that doesn't pay dividends  
or still solid returns and that annual  
dividend with it  
so scroll down and let me know in the  
comments below dividends plus growth  
or maybe just that higher growth our  
first penny stock here 377 million  
dollar masabi trust ticker msb  
a steel royalty trust paying a 4.8  
dividend  
and up 105 over the last year masabi is  
an amazingly simple investment  
the company has a royalty investment in  
mines operated by north shore mining a  
subsidiary of cleveland cliffs  
so north shore mines the ore processes  
it into pellets and then sends it off to  
cleveland cliffs  
and then pays missabe royalties based on  
the selling price  
so musabi just has no operational duties  
or  
costs here it's just a trust that  
receives those royalties  
that means the return here is going to  
be a function of iron ore prices which  
are at  
multi-year highs but still below the  
peaks we saw in 2008 goldman sachs  
believes we could be heading into a new  
commodity super cycle and if we get even  
part of that proposed three trillion  
dollar infrastructure bill  
my guess is prices are going to go much  
higher and this stock will climb further  
capital southwest ticker cswc is a 433  
million dollar business development  
company formed in 1961  
and specializing in credit private  
equity and venture capital to mid-market  
and late-stage companies so the business  
model for these bdc's is that there's a  
funding hole for the mid-size businesses  
now small business owners can go to  
their local banks  
and the big dogs can get bond funding or  
just issue shares in the stock market  
but for companies right around that  
sweet spot of say 20 to 40 million

dollars in annual revenue  
they go to these business development  
companies for their lending and their  
equity investments capital southwest  
pays a great dividend of 7.6  
and has a history of regular  
supplemental and special dividends  
even last year it was able to keep up  
that regular and supplemental dividend  
stream  
shares have climbed 140 over the last  
year and the average debt yield on the  
company's loans is 9.9 percent  
which and this is something you always  
want to check when you're investing in  
bdc's you want to compare the weighted  
average yield the company collects on  
its loans  
9.9 in this case against the dividend  
yield because that's your measure of  
dividend sustainability  
is the amount that the company is  
collecting on its loans above  
what it pays out shares are trading at a  
price of 1.3 times on that book value so  
a little more expensive compared to some  
of the other financial companies we'll  
see on the list  
but a solid dividend and a price return  
now you're going to hear me use that  
price to book value ratio with a lot of  
these so i want to explain why  
most of you are probably familiar with  
hearing a price to earnings ratio used  
to value a stock  
the price per share investors are paying  
compared to the earnings per share that  
the company is generating for financial  
companies though so these bdc's and the  
banks  
that book value of all their loans and  
their other assets is  
much more important so we look at the  
price to book value for a more accurate  
comparison  
next on our penny stock dividends list  
is a popular one gladstone investment  
corporation ticker g-a-i-n now this is a  
400 million dollar private equity fund  
that also does some lending so that  
business development corporation model  
and the company focuses more on the  
equity investment side though with a  
target of

25 equity and 75 debt in the companies that it works with gladstone has a diversified portfolio across 28 companies in 13 industries so good diversification here that means if there's trouble in one industry or a company it's not going to totally break the portfolio shares pay a 6.9 dividend yield with annualized distribution growth around 2 percent not including the supplemental distributions it's been paying now even last year the company was able to pay that regular dividend plus a 21 cents per share extra dividend shares are up over 71 in the last year and trade for a price of 1.09 times book value we've still got four more penny stocks to highlight but i want to personally invite you to join the daily bow tie my free daily market newsletter with all the stock market news strategies and trends you need to follow it's absolutely free just something i like to offer for everyone out there in the community so look for the sign up link in the video description below next on our penny stocks list 170 million dollar regional bank pins woods bank court ticker pwod with 27 branches in pennsylvania under the jssb and lose aaron bank names pins pinswoods has a net interest margin of 2.9 which is just under the pure average of 3.2 percent and and remember that's the core profitability measure for a bank that net interest margin is the difference that a bank collects and what it charges on its loans and what it pays out on savings so i think there's room to increase this for pens woods now the loan to deposits ratio is also a little lower at 90 percent loans to deposits under the peer average of 93 percent so what you have here is some potential there to make more loans at higher profitability and those of you in the bowtie nation know stocks in the financial sector are some of my

favorites for the year because  
as those long-term interest rates rise  
banks are going to make  
more money on their new loans and shares  
here pay a 5.4  
dividend yield and are up 20 but still  
trade for just 1.04 times on that price  
to book value this next penny stock  
gives us a little diversity from that  
banking and the bdc theme  
212 million dollar waco group ticker  
w-e-y-s  
waco is the company behind florsheim nun  
bush stacey adams and the boggs brands  
of footwear  
selling through its own stores as well  
as other retailers  
florsheim is one of my favorite brands  
for shoes and with the retail spending  
boom coming this year  
sales should do really well shares of  
waco pay a 4.2 percent dividend yield  
and are up 20  
over the last year but traded just 1.1  
times on a trailing sales basis which is  
a good value for a retailer lc and b  
corporation ticker  
lc and b is a 224 million dollar  
regional bank  
with 33 branches across ohio formed in  
1877. now if you've been following the  
channel you know one of the things i'm  
tracking in bank stocks this year is the  
amount that the company set aside last  
year in its loan loss provisions  
now this is like a cash reserves account  
that the company creates  
just in case those loan defaults get bad  
in a recession  
the company takes that money out of its  
operating profits and sets it aside  
on the balance sheet well what we've  
seen is that those loan defaults  
haven't jumped like the banks thought  
all that stimulus money saved small  
businesses from the worst of the  
pandemic  
so banks have billions of dollars set  
aside in this rainy day fund  
when everything looks bright and sunny  
lcnb set aside more than  
two million dollars in 2020 nearly 10  
times what it had set aside the year  
before

so if it now decides that it doesn't  
need all that money set aside  
even if it moves just one and a half  
million back to earnings  
that could be an extra 12 cents per  
share for distribution shares pay a 4.24  
dividend yield and are up 62 percent in  
the last year  
now lcmb is also one of the least  
expensive stocks here trading at just  
point nine three times on that price to  
book value topping out the list before i  
share those three penny stock dividend  
traps is a 129 million dollar  
union bank shares ticker unb unb runs 20  
branches in vermont and new hampshire  
and despite the pandemic reported record  
earnings last year to a net income of  
12.8 million dollars  
loan loss reserves increased here as  
well up 2.1 million dollars which  
if released back into earnings would be  
another 47 cents a share in profits  
the shares pay a 4.6 dividend yield and  
are up 40 percent in the past year  
though this is one of the more expensive  
stocks on the list at 1.59 times on that  
price to book value now don't click out  
i want to show you those three penny  
stock dividend traps because  
i see so many investors falling for  
these and they will destroy your returns  
first here is only looking for the  
highest yielding dividends  
nation we've tried to juggle that  
dividend cash flow and the potential for  
penny stock returns with these seven  
stocks on the list but  
there is a trade-off if a company is  
paying out an eight percent plus  
dividend then  
there's a good chance it's not saving  
much for earnings to fuel that stock  
growth  
with any company management has to make  
that decision between returning cash to  
shareholders  
or investing for the future we've seen  
with this list of penny stocks that you  
can find that happy middle ground for  
both next here in our penny stocks traps  
is investing  
only in those banks or the bdc's yes the  
majority of these dividend-paying penny



stocks you're going to find are going to be from the one of those two industries either banks or business development corporations

investing just in these though sets you up for a fall if the interest rates fall or if the economy tanks

so make sure that you're investing in other types of companies like we did in the list

this next one is a trap for all dividend investors stocks that offer higher yields

only because the price has fallen now the penny stocks in our list have all seen higher stock prices but do your own search

and you're going to see some tempting dividend yields of 10 and even higher you absolutely have to check the graph of the stock price here for example shares of the geo group here look great with a 12

dividend yield until you look at the chart and see the stock has dropped 32 in the last year wiping out your entire dividend return and then some that high dividend yield is probably unsustainable and could be cut

so make sure you're investing in strong companies not just high dividends click on the video to the right for the seven self-driving stocks to buy before that autonomous vehicle revolution seven stocks that will change the way you think about cars

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