



5 Great Canadian Dividend Stocks

Description

Canada is home to many great things, ranging from the majesty of Niagara Falls to the deliciousness of **Tim Horton's**. The country is also home to a resource rich economy, which has led it to develop many great dividend paying stocks. The following five stocks are among the best, which is why you might want to think about owning at least one in your portfolio.

PotashCorp (TSX:POT)

With 20% of global potash capacity at its Canadian operations, PotashCorp rules the roost when it comes to the potash market. That's important because with less arable land and more mouths to feed across the globe, farmers need to increase the yields on their crops more than ever. This combination has been very good for PotashCorp's bottom line, which is why it's been able to pay its stock holders a fast growing dividend. With a current yield of 3.5%, PotashCorp offers a great dividend for income seeking investors.

Enbridge ([TSX:ENB](#))

For more than 60 years, Enbridge has been engaged in the delivery of energy in North America. Over that time the company has built up quite an impressive asset base which includes generation, transportation and distribution assets, which you can see on the map below. The company also owns a 67.3% interest in the **Enbridge Income Fund** as well as a 21.1% stake in **Enbridge Energy Partners**. Combined, Enbridge moves more than 2 million barrels of crude oil and billions of cubic feet of natural gas each and every day. As it does, Enbridge collects its share of income along the way. Best of all, Enbridge has more than enough left over after investing to grow its business that it's able to pay a great dividend, which is currently just under 3%.

Penn West Exploration (TSX:PWT)

Not only is Penn West one of the largest conventional oil and gas producers in Canada, it also offers investors a very large dividend. The dividend produced by Penn West's oil and gas properties is so good that it's currently yielding around 10%. While the dividend might look questionably high, it's pretty sustainable as the company has an industry average payout ratio while also being fairly well hedged to support the payment. Finally, Penn West has a lot of visible growth opportunities ahead and it's

spending about \$900 million this year to capture these opportunities. Penn West has all the qualities you look for in a solid dividend paying stock.

GoldCorp (TSX:G)

Gold has really lost its luster this year, which has taken gold stocks like GoldCorp down with it. However, while the stock price plummets, the dividend yield actually goes up meaning investors that buy now can lock in a solid 2.5% yield. That yield appears to be safe despite the drop in gold as GoldCorp has a very strong balance sheet to weather the current storm. Not only that, but the company is focused on being financially disciplined so it can still grow, which provides both support and upside to that dividend.

Precision Drilling ([TSX:PD](#))

As a leading provider of oil-field services, Precision Drilling is actually the largest oil-field service company in Canada as well as being one of the largest in the U.S. Most of the company's revenue comes from contract drilling. It's active in most of the major oil and gas plays in North America including the Bakken and Eagle Ford in the U.S. as well as the Horn River and Montney in Canada. Precision has a very strong financial profile which has enabled it to pay a dividend that yields just over 2%. While that's not quite as high as it had been when the company was an income trust, it's still a great dividend.

Final Foolish thoughts

I think it's important for every portfolio to have a couple of dividend paying stocks. They can make great wealth builders if you choose to reinvest the dividends back in the stock or use it to buy something else. Best of all, the income these stocks throw off will really help you to enjoy your golden years.

Looking for even more dividend paying stocks?

Just in case these five stocks aren't enough, The Motley Fool has compiled a list of some of the best dividend paying stocks. We found 13 of them, which are yours for free by claiming our Special Report: "[13 High-Yielding Stocks to Buy Today](#)." Just [click here](#) to receive a copy!

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The original version of this post was authored by Fool.com contributor Matt DiLallo.

Fool contributor Matt DiLallo does not own any of the companies mentioned in this report. The Motley Fool has no position in any stocks mentioned at this time.

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1. Investing

TICKERS GLOBAL

1. TSX:ENB (Enbridge Inc.)
2. TSX:PD (Precision Drilling Corporation)

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