3 Picks From One of Canada's Top Dividend Funds

Description

When investing, finding new ideas is always tricky. One good starting place is to find funds that have a great track record and look at what they currently hold.

One such fund is the **Trimark Canadian Plus Dividend Class**. The fund has a five-year annual return of 19%, good enough for the top quartile among its peer group, and also good enough to beat its index. Its top three holdings thus deserve a closer look.

1. Thomson Reuters

Thomson Reuters (TSX: TRI)(NYSE: TRI) sells information software, with most of its revenue coming from its Legal and Financial segments. These businesses generate subscription-based revenues with high renewal rates, allowing Thomson Reuters to achieve high, predictable free cash flow. In fact, despite a financial crisis five years ago and various struggles thereafter, Thomson Reuters has managed to raise its dividend every year for 21 years.

The stock has surged recently, up 44% in 2013 alone. But the shares still yield a healthy 3.6%.

2. Bonavista Energy

Bonavista Energy Corporation (TSX: BNP) is one of Canada's highest-quality energy companies. Despite being weighted 63% toward gas production, Bonavista is just as profitable as its oily competitors. This is due to its low-cost production; last year, operating costs came in at $6.65 per barrel of oil equivalent (boe) in its focus areas. These low costs have allowed the company to generate 25% annual returns to shareholders since its inception.

Like Thomson Reuters, Bonavista's shares have surged recently. The stock is up over 45% since the beginning of November. But the shares still yield over 5%.

3. George Weston

George Weston Ltd (TSX: WN) is likely the least risky of the fund's top three holdings. The company has a history dating back to 1882, and makes money from food processing and distribution, very stable industries. George Weston owns 63% of **Loblaw Co** and also makes money through Weston Foods, which specialises in baked goods.

Unlike the other two companies, George Weston's shares have not been on such a nice run. The company's shares are up only about 10% over the last year, generally tracking Loblaw's. But investors still must accept a lower dividend yield, currently just over 2%.

Foolish bottom line

Each of the fund's holdings has its pluses and minuses, but given the fund's track record, these names should certainly be on your radar screen. And as a nice bonus, by buying the stocks themselves, you don’t have to pay the fund’s 2.56% expense ratio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. TSX:TRI (Thomson Reuters)
3. TSX:WN (George Weston Limited)

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