Supercharge Your Dividends With These 3 7% Yielders

Description

In today's low interest rate environment, investors everywhere are on a quest for yield. We remember the days of the 1990s when low risk assets like medium-term government bonds would get an investor a yield exceeding 5% or 6%. Double-digit yields were commonplace back then — investors had their pick of many different investments that would pay them more than 10% a year to hold.

These days, double-digit yields are almost unheard of, and the ones that exist are looked upon skeptically. Investors looking for yield have been relegated to names with dividends below 5%, leading to terrific performance from most dividend stocks over the past few years. It's become incredibly tough for investors to find outsized yield in today's market.

Still, there are a few companies that have dividends that'll give you more than a 7% yield. Here are three that have sustainable dividends going forward.

Capstone Infrastructure

There's little doubt that green methods of generating power are the future, and **Capstone Infrastructure Corporation** (TSX: CSC) is a terrific way for investors to play this emerging trend.

Capstone has three separate businesses. It provides drinking water for more than 1.1 million people in the U.K. It also generates power from wind, solar, hydroelectric, and gas power generating facilities. And finally, it operates a gas heating division in Sweden. The company is diversified around the world, and is currently looking at opportunities in Australia and New Zealand.

Capstone continues to deliver solid results. Both the power generation and drinking water divisions of the company have grown nicely over the past few years, and the company is expecting an additional 25% growth in the U.K. water division between 2015 and 2020. Prices for Ontario power are going up as well, giving the company an additional boost in the near term. It also earns enough to easily cover its 7.5% dividend, and is only trading at 10 times analysts 2014 earnings projections.

Rogers Sugar

Even though people keep talking about cutting down on their sugar intake, **Rogers Sugar** (TSX: RSI) is still positioned well as a leader in the market.

Rogers enjoys the distinct competitive advantage of not having to deal with any foreign competition. The government puts tariffs on any sugar imports into the country, effectively shrinking the market to just two players, Rogers and privately held Redpath Sugar.

Shares in Rogers recently sold off more than 20%, on concerns of rising natural gas prices and an increase in yields from U.S. sugar growers. Since Rogers exports all of its product that isn't consumed domestically, this increase in U.S. yields means the company is dealing with a temporary oversupply issue. It represents an attractive entry point for long-term investors.

Thanks to this decline, shares in the company now yield more than 7.5%, a dividend which is easily covered by funds from operations.

Dundee International REIT

Germany is the home of Oktoberfest, delicious sausage in a bun, and the properties owned by **Dundee International REIT** (TSX: DI.UN).

Germany is well positioned as one of the strongest economies in Europe, with a low unemployment rate and a low debt-to-GDP ratio. Dundee owns more than 15 million square feet of space in German office buildings. One risk is the company's exposure to Deutsche Post as the largest tenant, as the German post office currently rents out 37% of Dundee's office space.

Last year was a good one for the company, as both occupancy rates and rent per square foot both showed nice improvements. Dundee's funds from operations were solid enough to pay 2013's distributions, and 2014 should show continued improvements in those two important metrics. The 8.7% dividend will continue to be paid out if these results continue.

Foolish bottom line

It's tough for investors to find dividends in today's low yield world. A lot of high yielding companies have attractive yields because the market doubts the sustainability of the dividend going forward. These three names should continue to crank out consistent dividends going forward, much to the delight of yield-hungry investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:RSI (Rogers Sugar Inc.)

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