3 Top Dividend Stocks From Mackenzie Investments

Description

One of Canada's largest dividend funds is also one of the best performing: the **Mackenzie Canadian All Cap Dividend Fund Investor Series**. With a five-year annual return of 21.8%, it has even beat its benchmark, something that most mutual funds cannot say.

Funds like these can be a great source of investment ideas, especially if you're confident they will continue to outperform. Below are the fund's top three holdings.

1. Royal Bank of Canada

It's hard to argue against Mackenzie's top holding. Of all the Canadian banks, **Royal Bank of Canada** (TSX: RY)(NYSE: RY) shares have returned the most over the past 10 years, indicative of the company's long-term track record. RBC also has a leading position in Canadian banking, with a #1 or #2 ranking in most categories. And it has one of the world's top wealth management and capital markets businesses.

In fact it is these latter two categories that RBC has the most opportunity for growth. Over the past five years, in the wake of the financial crisis, big banks around the world have been in retreat, allowing RBC to make cheap acquisitions and win market share.

RBC is possibly in better shape than it's ever been before. Yet its dividend still yields a healthy 3.6%.

2. Suncor

Over the past few months, the mood has gotten a lot brighter in Canada's energy patch. Transportation bottlenecks are easing, price differentials are narrowing, and turmoil around the world is keeping energy prices at a healthy level. One company that certainly benefits is Canada's largest oil producer, **Suncor** (TSX: SU)(NYSE: SU).

While growth is certainly important to Suncor, the company will still be returning plenty of cash to shareholders. In February the company raised its quarterly dividend by 15% to $0.23 per share, and committed to $1 billion in share purchases in 2014.

Even after the dividend hike, the shares still only yield 2.3%. But at this rate, there is still plenty of upside.

3. TD Bank

Rounding out the top three is Canada's second largest financial institution, **TD Bank** (TSX: TD)(NYSE: TD). Unlike RBC, TD is much more focused on retail banking, and is also much more focused on the United States. But like RBC, TD has been very rewarding to shareholders over the past 10 years, and is well-respected by the investment community.

There are some concerns with investing in TD. First of all, the bank has yet to show that it can earn adequate returns in the United States. Second, the shares have been on an excellent run, and now trade at a higher multiple than the Canadian bank average.

Yet with a 3.4% dividend yield, TD still has a role to play in most dividend portfolios. And if the last 10 years are any indication, there will be plenty of rewards for shareholders over the next decade too.

Foolish bottom line

Astute investors should notice something very suspicious about this fund: its top holdings are all among the largest companies in Canada. It's likely that the fund's size (over $1 billion in assets under management) makes it less able to invest in smaller companies, even if they offer more reward.

Yet the fund still has a great track record, and serves as a reminder that these companies are some of Canada's best. Dividend investors, take note.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:RY (Royal Bank of Canada)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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