

## Get a 4% Dividend Yield With These 3 Household Names

### Description

Often, investors are encouraged to buy what they know.

There are many reasons for this advice. Research and analysis for well known companies is ample, while investors who invest in smaller names are stuck scouring annual reports for small little nuggets of information. We're familiar with these large companies, since we often use their products on a daily basis. Well known companies offer liquidity as well.

These types of companies are also in very mature industries, with predictable earnings, and, most importantly, consistent dividends. Since dividends have made up such a large percentage of total returns over the years, it's obvious why investors go gaga over quarterly payments.

There's no such thing as a free lunch in investing, but dividends come pretty close. Here are three household names that each pay generous dividends.

### Shaw Communications

**Shaw Communications** ([TSX: SJR.B](#))([NYSE: SJR](#)) is western Canada's largest television provider, through its Shaw Cable and Shaw Direct television services. The company is also a major player in home phone and internet service in the west. More than 3.4 million Canadians have at least one Shaw service in their home.

Even though many Canadians are cutting the cord and getting rid of their cable subscriptions, Shaw is able to increase prices each year to compensate, resulting in pretty steady revenues. Rather than expand into wireless, the company is investing heavily in wifi, building a network of locations that its existing internet subscribers can access on the road. This strategy makes sense, since even people who are cutting their cable still usually keep their internet service.

The big risk for Shaw going forward is the CRTC allowing Canadian consumers to pick and choose individual channels, rather than being forced to pick from existing bundles. While this could reduce revenue per user, it also might mean the return of some of those people who cut the cord.

Shaw offers investors a 4.1% dividend, paid out monthly. The current payout ratio is under 65% of earnings, and the company recently raised its dividend for the eighth year in a row.

### Bank of Montreal

Unlike its major competitors, **Bank of Montreal** ([TSX: BMO](#))([NYSE: BMO](#)) hasn't really had a lot of buzz around its stock lately. This may be because BMO is quite a bit smaller than its rivals, but it's hardly a small company. It has more than \$500 billion in assets, a robust consumer and wealth management business, and expanding operations in the United States midwest.

Unlike U.S. financials, Canada's big banks survived the financial crisis with only minimal

consequences. Sure, they each had to raise capital by issuing debt and preferred shares, but these debts are now being paid off rapidly. The capital structure of each of Canada's banks are as healthy as ever. This ensures the health of the company's 4% dividend, which has more than doubled over the last decade.

Yes, the risk of a housing correction would be negative for the company, but investors at least have the knowledge that the majority of its mortgages are insured by CMHC, which would help limit the stock's downside.

## RioCan REIT

While **RioCan** ([TSX: REI.UN](#)) itself isn't necessarily a household name, I'm sure that every Canadian is familiar with the company's properties. which include some of Canada's largest retail destinations. Prominent properties include the Yonge-Eglinton Centre in Toronto and Signal Hill Centre in Calgary, among many others. The company owns more than 54 million square feet of retail space.

RioCan's dividend isn't the fastest growing out there thanks to the nature of its business, but what it lacks in growth it makes up for with stability. The stock currently yields 5.2%, and should slowly continue to rise over time.

RioCan has expanded heavily into the United States over recent years, particularly into Texas and the northeast. While this growth isn't enough to really move the needle yet — since U.S. properties make up about 10% of the company's total portfolio — U.S. expansion will slowly add to earnings over time. Combine that with the company's stellar portfolio of Canadian properties, and investors get a steady return.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)
5. TSX:SJR.B (Shaw Communications)

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## Date

2025/09/10

## Date Created

2014/05/08

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