4 High-Yield Stocks Paying up to 8.2%

Description

Searching for higher yields is a bit like picking up nickels in front of a steamroller: It's not particularly lucrative and you'll get crushed if you stick around too long.

Buying a stock based on a high yield alone is dangerous. Just ask anyone who lost money in **Yellow Media** or **Reitmans**. However, there is a small handful of stocks that offer juicy payouts and safety if you're willing to do a bit of searching.

When venturing into this segment, you're looking for companies that have more going for them than just their high yields. You basically want non-cyclical companies that are fundamentally healthy and have a growth element as well.

You need to identify companies that can support their oversized dividend payments with sustainable cash flow, a conservative balance sheet, and a strong management team. With that criteria in mind, here are four high-yield stocks that still offer dependable payouts.

Killam Properties

No matter what the economy is doing, one thing is for sure: People will always need to put a roof over their heads.

Killam Properties (TSX: KMP) owns hundreds of residential apartment buildings throughout Atlantic Canada and Ontario. This is a recession-proof niche within the real estate industry. With a click of the mouse you can become a partner with an established landlord without having to fix clogged toilets or chase down rent cheques from tenants.

Today, Killam pays out a 5.7% dividend yield. That impressive payout is usually the highest on any list of income ideas, but it's one of the lowest in this group. However, thanks to a number of stimulus projects expected boost the Maritime economy over the next few years, investors can expect a few dividend hikes in the foreseeable future.

Enbridge Income Fund

Enbridge Income Fund (TSX: ENF) gives you a stake in dozens of infrastructure monopolies across the continent. It owns natural gas pipelines in the U.S. midwest, crude oil storage and terminals in western Canada, and green power generation facilities in Ontario. You won't find a portfolio like this anywhere else.

Almost all of the company's businesses are regulated or fee-based. That means shareholders don't have to worry about business cycles, volatile commodity prices, or fluctuating interest rates. You can almost time your watch to the company's cash flows.

Enbridge Income Fund returns much of this cash to shareholders in the form of dividends. Today, the stock yields 5.0% and the company has increased that payout by over 50% over the past decade. Shareholders can likely count on that growth to continue thanks to North America's booming energy production.

Student Transportation

Student Transportation (TSX: STB)(NASDAQ: STB) is North America's third-largest provider of school bus transportation services and now operates more than 9,000 vehicles across the country. Of course, children go to school no matter what the stock market is doing. And while this is a recession-proof business to begin with, the company has contracts with over 200 municipalities, locking in revenues for up to eight years.

Today, Student Transportation pays a monthly dividend of 8.2%. That's great for those of us who count on dividends to pay the bills as it's much easier to match income with expenses. And given that the school transit industry is only beginning to consolidate, this firm is only in the early innings of its growth story.

Bell Aliant

Bell Aliant (TSX: BA) is the dominate player in Atlantic Canada's telecom space. While its television and landline businesses are in decline, the company has been able to make up for this shortfall by raising prices for remaining customers and transitioning cord-cutters to lucrative high-speed internet packages.

While this churn plays out, Bell Aliant delivers an impressive 6.6% yield. And given that **BCE** (TSX: BCE)(NYSE: BCE) already owns a 44% stake in the company, it's likely that Bell Aliant will be bought out one day at a substantial premium.

Full disclosure: These names still have an extra element of risk to them. If you want the most reliable dividend possible, I wouldn't venture far from classic blue-chip stocks like **Royal Bank of Canada** (TSX: RY)(NYSE: RY), **Tim Hortons** (TSX: THI)(NYSE: THI), or **Coca Cola** (NYSE: KO). That said, these four companies still offer dependable payouts that are a great fit in almost any income portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:KMP.UN (Killam Apartment REIT)

Category

1. Investing

Date
2025/07/05
Date Created
2014/06/02
Author
rbaillieul