



3 Top Dividend Stocks From Investors Group

Description

The Investors Dividend Fund from Investors Group may at first seem to be very diluted, with over 160 holdings. But the top 10 investments account for over half of the fund's net assets, showing that the fund managers have plenty of conviction. The top 10 holdings are not a mirror image of the index either, which is further proof that these managers are willing to go out on a limb.

Below are three of the fund's top 10 holdings.

1. Telus

Telus ([TSX: T](#))([NYSE: TU](#)) is the third-largest holding in the fund, with a weighting of 6.3%. There's a very strong argument that this company belongs in any dividend portfolio.

To start, shareholders get a yield of 3.7%, which is not bad in today's low-yield environment. It gets better: Telus intends to grow its payout twice a year through to 2016, and the dividend has already been raised once this year. The company's long-term payout ratio is 65-75% of sustainable net earnings, which should give it plenty of breathing room for these dividend hikes.

Better yet, the company is firing on all cylinders, adding new wireless customers faster than its competitors and keeping them happier, too. The future is as bright as ever for Telus and its shareholders.

2. CI Financial Corp

Coming in fourth with a 5.9% weight is asset manager **CI Financial** ([TSX: CIX](#)). There is a small irony that fund managers working at Investors Group have such large holdings in a competitor, but otherwise the company is a very appropriate stock for any dividend fund. After a recent dividend hike, the company now pays out \$0.10 per share monthly, resulting in a 3.5% yield.

The problem that most fund managers face is competition from lower-priced alternatives like ETFs. Since most mutual funds cannot beat their respective benchmarks, this competition is of course very formidable. However, CI's investment performance is among the best in the industry, which should

allow it to sustain its assets under management, and its dividend.

3. Manulife Financial

Coming in seventh is **Manulife Financial** ([TSX: MFC](#))([NYSE: MFC](#)), with a 5.1% weight. [The stock was featured in an article on Tuesday](#) as a great option for any investor, not just those seeking dividends. The company has come a long way since struggling for capital during the crisis, and now has as bright a future as ever. Earnings are growing nicely, its capital ratio is best-in-class, and its operating environment is getting friendlier.

Despite this, Manulife still trades at a discount to its peers, partly because the company doesn't pay out very much of its earnings to shareholders — as a result, its shares yield only 2.5%. However, there's plenty of room for that payout to go up, and if you're willing to wait for that, this is your chance to buy Manulife at a great price.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:TU (TELUS)
3. TSX:CIX (CI Financial)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:T (TELUS)

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Author

bensinclair

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