

Love Yield? Invest In These 5 Stocks That Have 5% Dividends

Description

There are many reasons why investors love getting dividends.

- Dividends give an investor something tangible for their ownership stake, each and every quarter.
- Dividends force management to focus on returning cash to shareholders, who are the true owners of the company.
- Dividends are taxed advantageously, which increases their after tax-yield compared to bonds.
- When chosen correctly, a rising stream of dividends can help a retiree's income needs outpace inflation.
- Many stocks have dividend yields that compare to bond yields, with the added bonus of potential capital appreciation.

Plus, investors who focus on dividends tend to be investing in some of Canada's best companies. These companies have been around for generations, and often are household names.

Most dividend stocks have done quite well over the past few years, pushing down their yields. It's harder to find companies with generous dividends these days, but they exist. Investors just have to turn over a few more rocks to find them. Here are five stocks that give investors generous 5% dividend yields.

1. Canadian Oil Sands

Canadian Oil Sands (TSX: COS) is the largest owner of the Syncrude Oil Sands project, controlling 36% of the project, which produces an average of more than 250,000 barrels of oil per day. It currently yields 5.8%.

Oil prices should continue to stay high as tensions escalate in the Middle East, and we all know that domestic demand for crude isn't about to wane anytime soon. The current payout ratio is 82%, but this should head down if oil prices continue to be strong. Canadian Oil Sands is a great option for investors looking for a high yield and oil sands exposure.

2. Rogers Sugar

Is there anything more boring and predictable than sugar?

Investors buying **Rogers Sugar** (TSX: RSI) are getting a company with government protection (via tariffs on any imported sugar), a steady market, and a share price that's less than 10% above its 52-week low. Its shares currently yield a sweet 7.9%.

Rogers is facing some minor issues, like increased natural gas prices and a weak export market for its products. These problems are minor blips on the company's long-term radar. Long-term investors should buy now, while the share price is down.

3. BCE

I'm stretching a little bit to include **BCE** ([TSX: BCE](#))([NYSE: BCE](#)) in this list, which only yields 4.96% as I write this. But the company is such a solid performer that it should be in every investor's portfolio.

BCE, like its competitors **Telus** and **Rogers Communications**, has such a strong moat that it's unlikely a competitor will ever come in and make a significant dent in its business. Sure, it's losing both home phone and television subscribers, albeit at a relatively slow pace, but it's largely able to offset that with annual price increases to current customers.

4. TransAlta

TransAlta's ([TSX: TA](#))([NYSE: TAC](#)) shares have not had a good year, as the stock has fallen 15% on weak results and management has cut its dividend in half.

However, these low levels could prove to be a nice entry point. The company easily earns enough to cover its new 5.6% yield, and has invested heavily in maintenance on some of its older power plants in 2013. TransAlta should also be able to pass through price increases to its customers going forward, especially in Ontario, its second-largest market.

5. Extencicare

Looking to invest in an aging population, a trend we all know is very real? **Extencicare** ([TSX: EXE](#)) is one of Canada's largest assisted living operators, owning facilities across Canada and the United States.

According to the company's projections, the number of North Americans over 85 is set to triple over the next 30 years, growing from 5 million currently to more than 15 million by 2040. Occupancy is already close to full, and management is doing a nice job increasing prices each year. The 6.5% yield is also nicely covered by the company's cash flow.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:EXE (Extencicare Inc.)
3. TSX:RSI (Rogers Sugar Inc.)
4. TSX:TA (TransAlta Corporation)

Category

1. Investing

Date

2025/07/05

Date Created

2014/06/18

Author

nelsonpsmith

default watermark

default watermark