



5 High-Yield Dividend Stocks Paying Up to 10.1%

Description

These five stocks represent some of my favourite income ideas for the year, and they pay dividend yields of 7.8%... 8.6%... even 10.1%.

Of course, higher-yield stocks entail higher risk. Unusually large payouts could be a red flag. This is why it's critical to do your homework before investing in them.

That being said, the companies listed below are in strong financial shape. But due to their small size, many of these names just haven't been discovered by Bay Street... yet.

I don't expect these discounts to last for long because all of these firms sport remarkably tall dividend yields.

1. Student Transportation

Student Transportation (TSX: STB)(NASDAQ: STB) is North America's third-largest school bus operator with vehicles running throughout Ontario and the United States. The company is only in the early innings of its expansion as it begins to consolidate the industry. And because children still have to go to school in a recession, Student Transportation's cash flows are extremely stable. While investors wait for this story to play out, shareholders are being compensated with a 7.8% dividend yield.

2. Medical Facilities Corp.

Medical Facilities Corp. ([TSX: DR](#)) is based in Canada, but the company's six surgical centres are located in Arkansas, California, Oklahoma, and South Dakota. Unlike many ex-income trusts, the firm maintained its payout after converting to a corporation in 2011. And given that Medical Facilities has a modest debt load and distributes only 90% of its free cash flow, this dividend is sustainable.

3. Surge Energy

Junior oil producer **Surge Energy** ([TSX: SGY](#)) has been one of the hottest names in the Canadian oil patch. Management has accumulated a great set of assets in the Williston Basin, southern

Saskatchewan, and western Alberta with output growing at a 40% annualized clip. Barring a major drop in oil prices, the company's 7.3% payout should be maintained.

4. Dream Global REIT

Dream Global REIT (TSX: DGR.UN) is a great way to invest in international real estate without having to update your passport. The company's portfolio consists of 293 properties in Germany comprising approximately 15.8 million square feet. And the fund rents out these properties to well-heeled corporate tenants like BNP Paribas, **Google**, and Imtech. Soaring rents and higher occupancy rates means that Dream is likely to hike its 8.6% distribution in the months to come.

5. Chorus Aviation

Chorus Aviation (TSX: CHR.B) is a holding company that owns Jazz Aviation, a discount airline that operates scheduled passenger services. While this is certainly not an easy business, the market is pricing in way too much risk related to the solvency of the company's major partner **Air Canada**. In the meantime, Chorus is generating enough cash flow to cover its 10.1% dividend payout.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)
2. TSX:DR (Medical Facilities Corporation)
3. TSX:SGY (Surge Energy Inc.)

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Date

2025/08/18

Date Created

2014/07/25

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