



Keyera: The Best Dividend Stock You Have Never Heard Of

Description

This company is one of the market's best-kept secrets.

While I doubt you know this firm even exists, it's vital to your day-to-day life. Only a handful of Bay Street analysts cover this business and shares of the company's stock trade hands less than 100,000 times per day.

But while you might not have ever heard of it, this business has generated a 330% return for investors over the past five years. And given the tailwinds behind the stock, this company could deliver those triple-digit profits for shareholders once again.

Let me explain...

The world is catching on to the wisdom of dividend investing. In recent years the share prices of wonderful, dividend-paying companies have soared. Just take a look at stocks like **TransCanada** ([TSX: TRP](#))([NYSE: TRP](#)) and **Enbridge** ([TSX: ENB](#))([NYSE: ENB](#)) for example, which are up 80% and 180% respectively over the past five years.

It's not hard to see why. These are incredibly profitable businesses. And after being burned in the past by two asset bubbles, people finally understand that buying and holding elite companies is the tried and true method for building wealth in the stock market.

The problem is that everyone knows these are great businesses. And when everybody wants something, it tends to drive the price up. That's the anti-thesis of great returns.

This is why it pays to go a little off the beaten path in the search for dividends. This brings me to one of my favourite income names: **Keyera** ([TSX: KEY](#))([NYSE: KEY](#)).

This company owns pipelines, terminals, and storage facilities throughout Western Canada. This is the infrastructure needed to ship and store diesel, crude oil, and natural gas. In return for moving and storing these commodities the company earns a fee, which is passed onto shareholders. Over the past decade, Keyera's distribution has grown at an 8% compounded annual clip and today the stock yields

3.1%.

And this is only the beginning. Thanks to new technologies like steam-assisted gravity drainage and hydraulic fracturing, the amount of energy currently being pulled out of the ground from oil fields across the country is only a fraction of what's to come. Companies that ship, store, and process all of these hydrocarbons are poised to make a killing.

Keyera is positioned to do exactly that. The company has about \$1.5 billion in growth projects — about 25% of its current market capitalization — on the books. Investors are likely to be rewarded for years to come given the backlog of expansion projects, growing cash flows, and increasing distributions.

Unfortunately, I don't expect Keyera to remain an unknown name for long. Over the past few months, several investment banks have boosted their target prices on the stock as they start to wrap their heads around this story. Once this firm is discovered, it will be too late to buy.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:KEY (Keyera Corp.)
5. TSX:TRP (TC Energy Corporation)

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