



## The Top 5 Highest Yielding Stocks on the TSX

### Description

Dividend investing is popular these days, and for good reason. With interest rates at historic lows, it's tough to fund a comfortable retirement on the meager payouts from GICs and bonds.

That's why high-yield stocks can be so tantalizing. Not just because there're great for generating respectable portfolio income. But also because academic studies have shown that high-yield stocks outperform the market over the long haul.

So with this theme in mind, I ran a screen for the highest-yielding dividend payers on the Toronto Stock Exchange. To avoid any micro-caps or penny stocks, the only limitation I've set is that every security must have a market capitalization of at least \$1 billion. Here're the top five names the screen produced.

Company (Ticker)	Dividend Yield	Market Cap
<b>AGF Management Limited</b> ( <a href="#">TSX: AGF.B</a> )	8.7%	\$1.07B
<b>Dream Global REIT</b> (TSX: DRG.B)	8.4%	\$1.05B
<b>Long Run Exploration Limited</b> (TSX: LRE)	8.0%	\$1.02B
<b>Dream Office REIT</b> ( <a href="#">TSX: D.UN</a> )	7.7%	\$3.15B
<b>Lightstream Resources Ltd.</b> (TSX: LTS)	7.6%	\$1.26B

Source: TD Waterhouse

Of course, this is only a place to start your research. These are not formal buy recommendations. That said, there are some interesting investment candidates on this list.

Two of my favourite real estate investment trusts are here: Dream Global REIT and Dream Office REIT. These funds allow ordinary investors to become partners with highly successful, well-diversified landlords. That's great if you're looking to generate dependable, monthly income.

The best part is, these trusts are required by law to pay out all of their profits back to unitholders.

That's why they sport such high yields. And because these firms are expected to renew their leases at higher rates in the years ahead, investors can count on an ever-growing stream of distribution income.

Long Run Exploration also has an enticing yield. Late last year, the company converted to a growth-plus-income business model: aiming for respectable production growth *and* dependable dividend income. So far the financial results have been mixed. But Long Run has the high-quality, low-decline assets needed to pull this strategy off.

That all said, high-yield investing is not without risk. An unusually high payout is often a red flag. In many cases, it suggests that investors don't believe the distribution is sustainable.

That's definitely the case at AGF Management. Over the past few years, the mutual fund company has lost substantial market share to low-cost index funds and ETFs. Given that AGF has been paying out more to shareholders in dividends than what the company generates in profits, investors are wondering how long this situation can last.

It's a similar problem at Lightstream Resources. That 7.6% yield certainly looks tempting. However, the company has longed been weighted down by its heavy debt load. Unless oil prices rally soon, Lightstream's current payout is likely unsustainable.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:AGF.B (AGF Management Limited)
2. TSX:D.UN (Dream Office Real Estate Investment Trust)

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