



## The Top 3 Dividend Payers in the S&P/TSX 60 Index

### Description

The uncertainty over how much momentum is left in the current stock rally makes high dividend paying companies more attractive for investors looking to guarantee a consistent cash flow from their investments.

Most members of the S&P/TSX 60 Index pay a dividend that falls below 5% on an annual yield basis, with only six of the companies crossing the 5% threshold. Once you cross over a 6% annual dividend yield that number halves, leaving only three companies.

The top three dividend payers of the S&P/TSX Top 60 ranked from highest to lowest dividend yields are: **Penn West Petroleum Ltd** (TSX: PWT)(NYSE: PWE), **Crescent Point Energy Corp.** (TSX: CPG)(NYSE: CPG), and **Canadian Oil Sands Ltd** (TSX: COS). Not surprisingly, all three of these companies operate in the oil sector, which is known to pay high dividends.

#### 1. Penn West Petroleum Ltd

The leader of the pack is Penn West Petroleum. Its quarterly dividend is \$0.14 per share, which makes the current annual dividend yield 7.29%. This Canadian natural gas and oil producer recently experienced a bit of controversy after its new CFO ordered a review of the company's financial statements dating back to FY 2011 after finding items may have been misclassified. The review did confirm that certain items were misclassified, but none of the changes had a material impact on the company's net income or funds flow.

Shortly after this development, the company declared its third-quarter dividend. Penn West's stock jumped after the review results were released as investors took a breath of relief. The fact that the review did not find any wrongdoing is a positive for the company, which is currently undergoing a transformation.

#### 2. Crescent Point Energy Corp.

Crescent Point Energy Corp is a Canada-based oil and gas exploration, development, and production company with assets in Western Canada and the U.S. The company is rapidly expanding; growing

through acquisitions and by increasing the productivity of its assets. It recently spent \$1.7 billion on a batch of acquisitions, a move that could increase the company's cash flow and therefore opens up the opportunity for a dividend hike in the future.

In the company's latest earnings, CEO Scott Saxberg said, "With our 2014 cash flow estimated to be greater than six dollars per share and our payout ratio the lowest it's been in company history, we're well on track to delivering another excellent year to our shareholders." The company pays a \$0.23 per share monthly dividend, a rate which it has paid since January 2009. The current annual dividend yield is 7%.

### **3. Canadian Oil Sands Ltd**

Canadian Oil Sands offers a pure investment opportunity in light, sweet crude oil through its interest in the Syncrude project. Canadian Oil Sands has paid a quarterly dividend of \$0.35 per share since May 2012, and the current annual dividend yield is 6.83%.

The company is expecting cost savings as it nears the completion of two major capital projects. The Mildred Lake Mine Train Replacement is expected to be completed in Q2 2014. The company downwardly revised its cost estimates on the project in July to \$3.9 billion from \$4.2 billion (gross to Canadian Oil Sands).

The Centrifuge Trailing Management project is expected to be in-service in the first half of 2015, on budget. The completion of these two projects will free up significant cash flow to the company, which could be returned to investors.

#### **CATEGORY**

1. Dividend Stocks
2. Investing

#### **TICKERS GLOBAL**

1. NYSE:VRN (Veren)
2. TSX:VRN (Veren Inc.)

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