



3 High-Yield Stocks Paying Up to 8.1%: Gibson Energy Inc., Dream Office REIT, and Canadian Oil Sands Ltd

Description

These three high-yield stocks represent some of my favourite income ideas... and they pay dividend yields of 4.1%... 7.9%... even 8.1%.

Of course, buying stocks based on a high yield alone can be asking for trouble. Just ask anybody who bought **TransAlta Corporation** or **Yellow Media Ltd**.

But can a stock offer both a safe payout and a big yield? Yes, if you know where to look. Companies can support their outsized dividends as long as they have sustainable cash flow, a solid capital structure, and a strong management team. So with this theme in mind, let's dig into these three names.

1. Gibson Energy Inc.

This company is the market's best-kept secret. The stock trades less than 400,000 shares a day, only a fraction of more widely held names. But if you own a share of this business, you own a piece of some of the most important energy assets in the world.

I'm talking, of course, about **Gibson Energy Inc** ([TSX: GEI](#)). But while I doubt you even know this company exists, it's vital to our daily lives. It owns pipelines, terminals, and storage facilities throughout Western Canada and the United States. This is the infrastructure that moves and stores a variety of energy products, the commodities that power our modern society.

In exchange for shipping and storing these products, Gibson earns fees which it passes on to investors. Since going public in 2011, the company has increased its payout four times and today the stock yields 4.1%. Thanks to booming oil production, you can count on many more dividend hikes in the years ahead.

2. Dream Office REIT

Real estate is a wonderful business. Each month you collect a rent cheque and every year your property values go up! But becoming a landlord is kind of a hassle. However, there is a way to earn

rental income without buying a single house yourself.

Dream Office REIT ([TSX: D.UN](#)) allows you to become a partner with a successful, well-diversified landlord. Altogether, the trust's business empire spans some 185 office properties across Canada, an area of the market usually off-limits to ordinary investors. And thanks to a quirk in the law, Dream pays no corporate income taxes.

This is how the trust has been able to pass on such consistent, oversized rent cheques to partners. Today, Dream pays a monthly distribution of 18.6 cents per unit, which comes out to an annualized yield of 7.9%. Growing rental rates could push that distribution even higher.

3. Canadian Oil Sands Ltd

Canadian Oil Sands Ltd (TSX: COS) gives you a stake in the largest energy asset in the country — the Syncrude oil sands project. Syncrude is a joint venture between several top energy companies and it accounts for nearly a sixth of Western Canada's oil output.

As the largest shareholder in this project, Canadian Oil Sands is gushing dividends. The firm pays a quarterly distribution of \$0.35 per share, which comes out to a yield of 8.1%. That's nearly four times larger than the average payout in the oil patch.

Of course, the recent plunge in energy prices has hit producers hard. But with the completion of several Syncrude enhancements, Canadian Oil Sands's capital budget will be cut significantly over the next few years. This should free up the cash needed to maintain the company's current payout.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:D.UN (Dream Office Real Estate Investment Trust)
2. TSX:GEI (Gibson Energy Inc.)

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Author

rbailieu

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