



The 10 Highest Dividend Yields in the S&P/TSX 60

Description

Once upon a time, you actually received interest when you lent out money—but now everything has changed.

Today, in Europe at least, investors have to *pay* for the privilege of lending money to the government. Bond yields in a number of countries—including France, Germany, and Switzerland—are now negative.

That's why dividend stocks can be so tantalizing. If you can build a portfolio that yields 4% to 6%, you're well on your way to generating respectable income.

Even better, a number of studies have shown that high yield stocks tend to beat the market over the long haul. Why? A high yield indicates that a stock is out of favour with investors, and that's usually the right time to scoop up shares.

Let's have a look at the top yielding stocks in the **S&P/TSX 60** index.

Company	Yield
Crescent Point Energy Corp	8.9%
TransAlta Corporation	6.0%
ARC Resources Ltd	4.9%
Cenovus Energy Inc	4.8%
Teck Resources Ltd	4.7%
BCE Inc	4.7%
Canadian Imperial Bank of Commerce	4.5%
Pembina Pipeline Corp	4.4%
Inter Pipeline Ltd	4.3%
National Bank of Canada	4.2%

Source: Yahoo! Finance

To be clear, these are not formal buy recommendations. Rather, you should only use this list as a place to start your research. That's because an unusually high yield could be a warning sign. It might indicate that the market is worried that the current payout is unsustainable.

Cenovus Energy Inc ([TSX:CVE](#))([TSX:CVE](#)) is a case in point. Sure, the company's 4.8% yield looks tempting. However, with falling oil prices, Cenovus has a lot less cash coming in the door.

To fund both its generous dividend and expensive oil sands expansion, management has been forced to issue new shares. In essence, they're paying shareholders with their own money! That's why you always have to dig into the financials to understand what's going on.

However, there are a few good income options on this list. **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), for example, has increased its payout nearly 60% over the past decade. Given the company's giant profits and strong balance sheet, shareholders should be able to count on that dividend for decades to come.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is another great addition to any income portfolio. The cost to start your own telecom network starts in the hundreds of millions of dollars. That's enough to keep any would-be competitor out of the industry. For BCE, that means the company can easily pass on higher prices to customers... and higher dividends to shareholders.

Scanning through high-yield stocks from a respected list like the S&P/TSX 60 is a great place to look for new income ideas. Just be sure to dig into the financials to ensure you're not buying a dividend time bomb.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:CVE (Cenovus Energy Inc.)
4. NYSE:PBA (Pembina Pipeline Corporation)
5. NYSE:TAC (TransAlta Corporation)
6. NYSE:VRN (Veren)
7. TSX:ARX (ARC Resources Ltd.)
8. TSX:BCE (BCE Inc.)
9. TSX:CM (Canadian Imperial Bank of Commerce)
10. TSX:CVE (Cenovus Energy Inc.)
11. TSX:NA (National Bank of Canada)
12. TSX:PPL (Pembina Pipeline Corporation)
13. TSX:TA (TransAlta Corporation)
14. TSX:VRN (Veren Inc.)

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Date

2025/08/22

Date Created

2015/02/25

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