



## Need Big Income? These 4 Stocks Pay 9%+ Dividends

### Description

Sometimes, retired investors who haven't had the opportunity to amass a big nest egg have to take a few chances with their portfolio.

Say a retiree has only accumulated a retirement fund of \$300,000. If they invest in a traditional mix of dividend stocks that yield 3%, that's only \$9,000 per year in additional income, which isn't anyone's idea of a good retirement. But if they can mix in a few high yielders and boost the payout of the portfolio to 6%, that's \$18,000 in annual income, which isn't bad once combined with a CPP or other pension payments.

Some high-yield names shouldn't be touched with a 10-foot pole. But others solidly chug along, continuing to reward shareholders with generous payouts. Others are temporarily beaten up, solid companies that have a good chance of turning things around. There's arguably a spot in a portfolio for these types of companies as long as investors are diligent about monitoring them.

Here are four generous payers that can really goose the amount of income generated by your portfolio.

### Crescent Point

Even as the energy patch continues to be weak, **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) is being aggressive, using stock to acquire competitors. It also boasts some of the lowest cost operations in the whole sector, and since it has hedged half of its 2015 production at prices close to US\$90 per barrel, it also has a 10% yield that looks to be pretty safe—at least in the short term.

Essentially, Crescent Point is a bet on crude recovering to more elevated levels. If the price recovers to what it has been over the last half decade, then Crescent Point looks like it can sustain the dividend. But if not, there could be some serious issues as the hedges come off the books in 2016.

### Directcash

**Directcash Payments Inc.** (TSX:DCI) is one of the world's largest owners of private label ATMs, with

more than 20,000 locations in Canada, Australia, New Zealand, and the United Kingdom. Shares have sunk to a new multi-year low as investors are concerned that new payment technology will soon make ATMs a thing of the past.

Meanwhile, Directcash continues to be a free cash flow machine. In 2014 the company earned more than \$67 million in free cash, and only has a market cap of \$233 million. That puts shares at just 3.5 times free cash flow, and means the 10.9% dividend has a payout ratio of less than 40%. That's as sustainable as double-digit yields get.

## **Bombardier**

Although **Bombardier, Inc.** ([TSX:BBD.B](#)) eliminated the dividend from its common shares months ago, investors still bullish on the turnaround of the maker of planes and trains can still collect a generous 9.2% dividend if they buy the preferred shares.

Although investors should be nervous about the company's overall financial health, the short-term health of the preferred share dividends is fine. The company has recently raised its cash hoard to more than \$5.3 billion, while it only pays less than \$15 million annually to holders of the series C preferred shares (ticker symbol BBD.PR.C).

## **Canoe Income Fund**

**Canoe EIT Income Fund** ([TSX:EIT.UN](#)) is one of Canada's largest closed end funds, which seeks to maximize investor income by investing in undervalued securities that pay generous yields. Currently, the fund yields 9.9%.

Essentially, the distributions work like this: most stocks in the fund pay dividends of 3 or 4%, which investors get back taxed as dividends. Then a certain amount of holdings are sold each year to make up the difference. As long as the price of the underlying stocks grows faster than needed, the fund is in good shape, which has happened over the past few years.

Of course, it's easy to see the issue with this fund. If the TSX Composite enters a bear market, it'll be tough for the fund to maintain the generous distributions. But investors who buy in now are getting a 15% discount compared with the current net asset value of the fund, and distributions have stayed at current levels since 2010 without an issue.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:VRN (Veren)
2. TSX:BBD.B (Bombardier)
3. TSX:VRN (Veren Inc.)

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