



Dividend Investors: 3 Small-Cap Stocks With Yields up to 9.7%

Description

Two facts you must know about investing is that dividend-paying stocks outperform non-dividend-paying stocks over the long term, and small-cap stocks have the highest growth rates on average. If you combine these two factors by investing in dividend-paying small-cap stocks, it can be a recipe for huge returns. With this in mind, let's take a look at three with yields of up to 9.7% that you could buy today.

1. CanWel Building Materials Group Ltd.: 9.7% yield

CanWel Building Materials Group Ltd. (TSX:CWX) is one of North America's largest distributors of building materials and home renovation products. It pays a quarterly dividend of \$0.14 per share, or \$0.56 per share annually, giving its stock a 9.7% yield at today's levels. Investors should also note that the company doubled its dividend in June 2014 as a result of its strong operational performance, and I think this could be the start to several consecutive years of dividend increases.

2. PHX Energy Services Corp.: 4.1% yield

PHX Energy Services Corp. ([TSX:PHX](#)) is one of the leading providers of horizontal and directional drilling technology and services to oil and natural gas producing companies in Canada, the United States, Albania, and Russia. It pays a monthly dividend of \$0.0175 per share, or \$0.21 per share annually, giving its stock a 4.1% yield at today's levels. It is also very important to note that the company reduced its dividend by 50% in March and May of this year to "preserve funds from operations for future capital expenditures" and to "maintain its balance sheet," but I think the current rate is sustainable for the long term.

3. Melcor Developments Ltd.: 3.5% yield

Melcor Developments Ltd. ([TSX:MRD](#)) is one of the leading real estate development and management companies in western Canada and the United States. It pays a monthly dividend of \$0.15 per share, or \$0.60 per share annually, giving its stock a 3.5% yield at today's levels. The company has also increased its annual dividend payment each year since 2009, and its increased amount offunds from operations could allow this streak to continue for the next several years.

Should you buy one of these high-yielding small-cap stocks?

CanWel Building Materials, PHX Energy Services, and Melcor Developments are three of the most attractive high-yielding small-cap stocks in the market today. Foolish investors seeking yield should take a closer look and consider establishing positions in one of them.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)

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Date

2025/07/23

Date Created

2015/07/22

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