# The Top 3 Stocks in Kevin O'Leary's Canadian Dividend Fund

## Description

During an appearance on *The Business News Network*, Kevin O'Leary said you should never buy a stock that doesn't pay a dividend.

His mutual fund business seems to back up that philosophy—the only equity funds offered by O'Leary Financial Group are dividend funds. This includes the O'Leary Canadian Dividend Fund, which has earned 10.7% per year over the past five years, which beats the 8.6% earned by the Dow Jones Canada Select Dividend Index.



We take a look at the top three companies held by this fund below.

**1. Loblaw**

If you're looking for safe dividend stocks, Canada's grocery industry is a great place to start. After all, everyone needs to eat, and this ensures that industry demand is nice and stable.

It gets better. The top three players have a dominant position in the marketplace, which gives them very strong bargaining power with suppliers. It also gives the companies access to the best locations. This makes life very difficult for the smaller competitors, and also ensures that price wars don't get out of hand.

**Loblaw Companies Limited** (TSX:L) is the largest of the Big Three grocers, and has gotten even more powerful after the Shoppers Drug Mart acquisition. So, investors can feel very safe holding a company like this.

Dividend investors may be turned off by the miniscule 1.4% yield, but make no mistake, this is a rock-solid company that can add some stability to your portfolio.

**2. Great-West Lifeco**

Like the grocery industry, Canada's life insurance industry has three major players.

**Great-West Lifeco Inc.** (TSX:GWO) is the third largest, but has been a top performer for many years. To illustrate, the company has earned an average 16% return on equity since 2008, while its largest competitors earned only 7%.

It isn't just the last seven years that Great-West has outperformed. Its shares have returned nearly 9% per year over the past 15 years, while both **Sun Life Financial** and **Manulife Financial** have returned 6% each.

Better yet, Great-West's 3.8% dividend yield exceeds that of both Sun Life and Manulife. So, this is quite simply a company that executes very well and pays a big dividend. What more could a dividend investor want?

**3. Concordia Healthcare**

**Concordia Healthcare Corp.** (TSX:CXR)(NASDAQ:CXRX) is a diversified healthcare company focused on legacy pharmaceuticals and orphan drugs.

The stock has been on an absolute tear as of late, returning nearly 200% in just the last 12 months. This was driven in part by a very favourable US$1.2 billion acquisition of an 18-drug portfolio back in March.



Concordia doesn't pay a big dividend, and as a result only yields 0.4%. In fact, its high weighting in the O'Leary Canadian Dividend Fund may simply be a result of its surging share price. So, if you're simply looking for a big dividend, this stock probably isn't for you.

That being the case, there are better dividend stocks for your portfolio. The free report below is a great place to start.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:GWO (Great-West Lifeco Inc.)
2. TSX:L (Loblaw Companies Limited)

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