



Like Big Yield? Then Choose These 3 Stocks Over Crescent Point Energy Corp.

Description

Even after announcing it was cutting its dividend last month, many investors are still attracted to **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) and its 6.8% yield.

But is it really secure? In today's world where crude continues to languish below \$50 per barrel, the answer is pretty clear. Even though Crescent Point hedged more than 50% of its 2015 production at prices north of \$80 per barrel, it still hasn't generated enough cash from operations to cover its capital expenditures and the dividend.

Through the first six months of 2015, Crescent Point generated \$940 million in cash from operations, while investing \$910 million in capital expenditures. That leaves \$30 million remaining to pay \$450 million in dividends. Those numbers don't add up.

Even though the dividend is now much lower than before, it's still obvious the payout isn't affordable. Crescent Point used to have a very aggressive dividend-reinvestment program, giving investors a 5% discount if they took their dividends in the form of shares. This program, which saved the company millions in cash outlays annually, was recently suspended. That means dividends from here on out will be paid in cash.

Combine those two factors, and I see another dividend cut for Crescent Point if crude doesn't recover in a hurry. That makes it a poor choice for dividend investors.

Instead, investors should focus on other stocks with similar yields and more sustainable dividends. Here are three.

Boston Pizza

Boston Pizza Royalties Income Fund ([TSX:BPF.UN](#)) has quietly become Canada's most popular, fast, casual restaurant chain, with more than 350 locations from coast to coast, with a concentration on its roots in western Canada.

That's the very reason investors are sending the shares lower, as the market is concerned results from

Alberta's weak economy won't be pretty. Through the first six months of 2015, same-store sales were up just 1.1%, while total sales were up 3.5%. Those aren't bad numbers, but the market expected a little more, especially in same-store sales.

This has pushed shares down to \$17 each, levels not seen since 2012. It also pushed the dividend up to 7.6%, a succulent yield. Dividend growth has also been pretty good, with the company upping the monthly payout four times since 2011.

Cominar REIT

Investors looking for strong yields should really be taking a closer look at Canada's REIT sector.

One company I think looks very attractive at today's levels is **Cominar Real Estate Investment Trust** (TSX:CUF.UN), Quebec's largest owner of office, retail, and industrial real estate. The company has 567 total buildings under management, with an occupancy rate of 92.3%. The vast majority of them are located in Quebec, but it also owns property in Atlantic Canada, Toronto, and Alberta.

Recent results have been solid. Thus far in 2015, revenue is up 26.7% thanks to a big acquisition it did in the second half of 2014. Funds from operations remained flat, coming in at \$0.77 per share in the first two quarters of the year. Dividends totaled \$0.735 during that time, good enough for a payout ratio of 95%. That's a little high, but that should go down as results continue to improve and the debt is repaid.

Cominar shares currently yield 8.9%, one of the highest yields on the TSX.

Inter Pipeline

If investors are looking for steady yields from the energy sector, I'd suggest buying a pipeline over any of the producers.

One pipeline that looks interesting at these levels is **Inter Pipeline Ltd.** (TSX:IPL). Inter Pipeline is unique because it focuses its operations primarily on shipping oil from Alberta's oil sands, meaning it doesn't have to negotiate complicated deals with several provinces, something that's hampering its larger competitors.

Still, it has plenty of expansion opportunities in the future as more development happens in the oil sands, and management has done a nice job building revenue that's not dependent on commodity prices. The dividend sure is nice too, with the payout currently sitting at 5.6%.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:VRN (Veren Inc.)

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