



3 High-Yielding Small Caps to Get Excited About

Description

As Foolish investors know, dividend-paying stocks outperform non-dividend-paying stocks over the long term, and small-cap stocks have the highest growth rates on average. This means that investing in dividend-paying small-cap stocks can be a recipe for huge returns, so let's take a look at three that you could buy today.

1. Invest REIT Trust Units: 8% yield

Invest REIT Trust Units (TSX:INN.UN) owns one of Canada's largest hotel portfolios, comprising of 110 hotel properties, with approximately 15,000 rooms. It pays a monthly distribution of \$0.0333 per share, or \$0.3996 per share annually, giving its stock an 8% yield at today's levels.

Investors should also note that the company has maintained this monthly distribution since January 2012, but its increased amount of funds from operations, including 60.8% year-over-year growth to \$26 million in the first half of fiscal 2015, could allow for a significant increase in the very near future.

2. First National Financial Corp.: 7.1% yield

First National Financial Corp. ([TSX:FN](#)) is Canada's largest non-bank lender, offering both commercial and residential mortgage solutions. It pays a monthly dividend of \$0.125 per share, or \$1.50 per share annually, which gives its stock a 7.1% yield at current levels.

It is also important to note that the company has raised its dividend in each of the last three years, and its strong financial performance in the first half of fiscal 2015, including a 24.6% year-over-year increase in revenue to \$251.2 million and a 50.8% year-over-year increase in net income to \$42.5 million, could allow this streak to continue in 2015.

3. Innergex Renewable Energy Inc.: 6.1% yield

Innergex Renewable Energy Inc. ([TSX:INE](#)) is one of North America's leading producers of hydro, wind, and solar power. It pays a quarterly dividend of \$0.155 per share, or \$0.62 per share annually, giving its stock a 6.1% yield at today's levels.

Investors should also note that the company has raised its dividend for two consecutive years, and its increased amount of free cash flow, including 77.3% year-over-year growth to \$85.7 million in its trailing 12-month period ending on June 30, 2015, could allow this streak to continue in 2016.

Which stock fits your portfolio's needs?

Innvest Reit, First National Financial, and Innergex Renewable Energy are three of the highest-yielding small-cap stocks in the market today. Foolish investors should strongly consider initiating positions in one of them.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)
2. TSX:INE (Innergex Renewable Energy)

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