

Income Investors: 3 Great Dividends to Prefer Over Crescent Point Energy Corp.

Description

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) has long been one of Canada's most popular dividend-paying stocks.

For years, investors could count on the company consistently paying its \$0.23 per share monthly dividend. Investors were secure in knowing that the company hedged much of its production, meaning it could handle temporarily lower prices.

There was only one issue, however. Crescent Point never made enough in free cash flow to service the dividend, even when times were good. It posted negative free cash flow from 2011 to 2014, counting on debt and equity issues to pay the dividend.

The inevitable happened, and the company slashed the payout, dropping it from \$0.23 per share monthly to \$0.10, a payout which certainly looks to be more sustainable.

But based on the company's results thus far in 2015, it still doesn't have the free cash flow to service the new dividend. And remember, the company is forced to pay the distribution in cash after it suspended its dividend-reinvestment program. The company issued more than \$630 million in new stock this year alone, shares it has to now pay dividends on.

I'm just not convinced Crescent Point is the kind of stock you want to own for dependable dividend income in the future. Here are three names I prefer over the energy producer.

Pizza Pizza

Pizza Pizza Royalty Corp. ([TSX:PZA](#)) is a terrific business that hasn't been able to get any respect from the market lately.

Third-quarter earnings recently came out, and they were great. Same-store sales were up 6.3%, while total royalty pool sales jumped 7.4%. This led to earnings per share increasing by 4.7%, and the company announcing a 2.5% increase to its already generous 5.9% dividend effective in November.

There's still plenty of potential for the company to expand as well. It has a dominant position in Ontario and approximately 100 restaurants in Alberta, but it has very little presence in other areas of the country. Quebec and Manitoba are the easy targets, with the goal to open up 10-15 new restaurants per year in the two provinces.

Pizza is also the perfect food to order online, a trend I'm convinced will drive sales for years to come.

H&R REIT

According to one analyst, Canada's REIT sector is the cheapest it's been in 15 years—at least when you compare the average yield in the sector to the 10-year government bond.

This creates a buying opportunity for patient investors. Eventually, REITs like **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)) will return to previous levels, representing a potential upside of 15-20%.

H&R shares are beaten up because of its exposure to western Canada. Approximately 15% of H&R's funds from operations come from Alberta, mostly from an office tower it leases out to **Encana**. This contract is secure; Encana is locked into its lease in the property until 2038.

H&R pays an attractive 6.4% dividend, which is higher than Crescent Point's current 6.1% payout. H&R's dividend is safe as well, coming in at just 71% of funds from operations.

Power Financial

Power Financial Corp. (TSX:PWF) is a holding company for some interesting assets. It owns 67% of **Great-West Lifeco** and 60% of **IGM Financial**. It also owns 50% of a joint venture that owns stakes in some of Europe's biggest stocks.

There are two big reasons why investing in Power Financial is attractive. The first is the conglomerate discount it gets, even though there's really only three parts. At today's valuation, investors get Great-West Life and IGM for the market price of Power Financial, while getting the joint venture thrown in for free. This joint venture is hardly chump change; it's worth about \$2 billion.

The attractive dividend is the other reason to love this stock. Shares currently yield 4.6%, which is a nice payout in today's yield-starved world. And the payout was just recently upped, going from \$0.35 per share, per quarter to \$0.37. As they say, the safest dividend is the one that was just increased.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:HR.UN (H&R Real Estate Investment Trust)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:VRN (Veren Inc.)

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