



These 3 Dividend Stocks Have Returned up to 128% in the Last Year

Description

Many investors ignore small caps because they're riskier than larger companies. However, small caps can deliver lucrative returns, as we'll see in three stocks, which handily beat the Canadian market returns of about 22.6% in the last 12 months.

It may not be a coincidence that two of the three companies discussed are categorized in the low-risk consumer staples sector.

Without further ado, here are the companies and how much they've outperformed the market in the last year.

Rogers Sugar Inc. ([TSX:RSI](#)) shares appreciated 59%, and an investment in the sweet company a year ago would have resulted in 8.5% in dividends. The investment would have returned 67.5% in a year.

Although it's a small cap, Rogers Sugar has been in business for 125 years. Rogers Sugar also has the Lantic Sugar brand as the two companies merged in 2008.

At \$6.75 per share, Rogers Sugar yields 5.3% and trades at a multiple of 14.8. It had a nice run up, expanding from a multiple of about 11.5 in the last year.

Additionally, it's expected to experience an inflation-matching growth rate of 3%. So, investors should not expect another huge run. However, its yield should remain safe due to its stable earnings and its sustainable payout ratio of about 80%.

delicious seafood unknown

High Liner Foods Inc. ([TSX:HLF](#)) shares appreciated 23%, and an investment in the food-packaging company a year ago would have resulted in 3.3% in dividends. So, the investment would have returned 26.3% in a year.

Despite being a small cap, High Liner Foods has been in business for more than 115 years. Today,

High Liner Foods is a leading North American processor and marketer of value-added frozen seafood, and its products can be found in most grocery and club stores.

It also supplies its products to North American food retailers and food-service distributors and sells its products to restaurants and institutions.

At about \$19.20 per share, High Liner Foods yields 2.9% and trades at a multiple of 10.3. It has experienced a pullback of about 25% since September and trades at a discount from its long-term normal multiple. So (coincidentally), an upside of 25% to about \$24 is possible.

Dividend-growth investors would love High Liner Foods as it has a tendency to hike its dividend. In fact, it has done so for the last nine consecutive years at an annualized rate of 20%. Its payout ratio is still less than 30%.

Callidus Capital Corp. (TSX:CBL) shares appreciated 119%, and an investment in the credit services company a year ago would have resulted in more than 9% in dividends. So, the investment would have returned 128% in a year.

Callidus Capital is relatively young; it was established in 2003 and had its initial public offering in 2014.

Callidus Capital offers innovative financing solutions for companies that are unable to obtain adequate financing from conventional lending institutions.

Instead of focusing on cash flows and projections as conventional lending institutions do, Callidus Capital focuses on assets and the enterprise values of its potential clients.

The Catalyst Capital Group Inc., Canada's second-largest private equity firm, owns about 67% of Callidus Capital and provides management services to Callidus.

In 2015, there was a huge disconnect between its share price and its fair value. So, the company began to buy back shares. Last year, its shares appreciated nearly 110%.

But that doesn't seem to be enough for management, as the company is going through a privatization process which is expected to complete by the end of the second quarter. One analyst believes the takeout price could be at least \$24, which would imply a minimum upside of 23% from current levels.

While you wait for the takeout, you can get a yield of roughly 6%.

Conclusion

Small caps are riskier and require more attention than large caps. So, although they can be lucrative, investors should not bet the farm on them, but should diversify and spread the risk around in their best ideas.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:RSI (Rogers Sugar Inc.)

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