



This Stock Could Have the Safest 9% Dividend Yield on the TSX

Description

It can be quite difficult for the average income investor to give themselves a raise in such a crazy market. Everyone was cautious and scared in the early part of last year, but now everyone, including long-time bearish investor Prem Watsa, has turned bullish. Stocks have soared, and many pundits believe that the market is considerably overvalued.

There's no question that it can be tough to find value in an environment like this, but I believe there's opportunity in any kind of market if you know where to look.

The first thing I look for in a dividend-paying stock is the safety of the dividend, then I look at the dividend-growth potential over the next decade. The size of the yield is usually the last thing I look at when considering an investment.

But if you're looking to give yourself a raise right now, then it makes sense to consider the actual size of the dividend before looking at the dividend-growth potential over the next few years. Either way, the safety of the dividend should always come first, whether you want a fast-growing dividend or a fat yield up front.

One stock that I believe offers investors the dividend safety with an incredibly high yield is **Corus Entertainment Inc.** ([TSX:CJR.B](#)). The company offers investors a massive 9% yield and has been slowly growing its dividend over the last decade. The company has been a stealthy dividend-growth king; it managed to keep its dividend intact even during the Great Recession.

It's clear that the management team at Corus wants to put investors first, and this is why the company will do everything it possibly can to prevent a dividend cut.

The company has an impressive dividend history, but still, many pundits have been questioning the sustainability of the company's 9% yield. The payout ratio is quickly rising, but I believe the shareholder-friendly nature of the management team will prevail as long as the debt is kept under control. Sure, the media industry is on a downward spiral, but I think it's possible that the company can turn itself around if it can show higher-quality content to attract more viewers.

The shareholder-friendly nature of the company is really a two-sided sword. The management team wants to avoid cutting the dividend at all costs, but in order to grow and reinvest cash back into the business, the company will need to free up some cash. I believe Corus will keep its dividend static for the medium term, while it continues to find ways to get out of the funk it's in.

In the short to medium term, the dividend looks safe, but a dividend cut could still be in the cards in the long term if the company continues to decline further into the abyss over the next few years. It's nearly impossible to have a 100% safe dividend yield of 9%, but I think it's the safest 9% yield you'll find on the TSX.

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1. Dividend Stocks
2. Investing

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1. TSX:CJR.B (Corus Entertainment Inc.)

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