These 3 Dividend Stocks Have Fallen While the TSX Climbs

Description

The TSX has rallied nearly 7% from early September to late October, as seen by movement of the **iShares S&P/TSX 60 Index Fund** (TSX:XIU) ETF. Naturally, not all stocks have risen during this time. In fact, three high-yield dividend stocks have not fared as well. Here's a look at why and if there is value for income-seeking investors.

Stock	Change since Sept 8, 2017	Dividend yield (%)
iShares S&P/TSX 60 Index Fund	up 6.8%	2.6%
Corus Entertainment Inc. (TSX:CJR.B)	down 10.8%	9.3%
Dream Global REIT (TSX:DRG.UN)	down 0.4%	7.2%
Pattern Energy Group Inc. (TSX:PEGI)(NASDAQ:PEGI)	down 2.7%	5.6%

Corus Entertainment Inc.

Corus is a $2.5 billion market cap entertainment company in the TV and radio space. It pays a lofty 9.3% dividend. The payout ratio is reasonable, but you have to wonder how this company can grow when the payout is so high. The company has a decent amount of free cash flow, and the forward price-to-earnings ratio (forward P/E) has dropped to five-year level.

The historically low forward P/E, in a range between 10 and 12, suggests investors won't pay up despite the high yield. Revenue is relatively flat. The company might need to make more moves to thrive. One recent example is selling off one of its French programs called Séries+ to a competitor.

Dream Global REIT

Dream is another high-yielding stock that operates as an office REIT. Dream Global owns 151 properties in Europe, mostly in Germany, Austria and Belgium. Betting on Dream Global means that you think that the Eurozone will continue to strengthen and vacancy rates will continue to drop at the office spaces owned by Dream Global.

The company can pay the 7.2% dividend yield, but the safety margin from the free cash flow per share appears to be shrinking. It is also important to note this REIT has close ties to a Canadian-focused equivalent company in **Dream Office Real Estate Investment Trst**.

Pattern Energy Group Inc

I wrote about Pattern Energy previously. It is a compelling alternative energy wind company. It operates 18 facilities in North America. Pattern's stock price is down in recent months, mostly because of one big down day that happened on Oct 19 when the company announced it was issuing eight million common shares.

There are a few cautionary notes for Pattern. First, there are some concerns about resilience in the face of tropical storms that hit Texas, where four facilities are running. Second, the company missed on revenue targets in the most recent quarter. Lastly is the very high multiple that investors will have to pay for this utility stock, which currently has a P/E above 60.

Conclusion

Although each of these companies appears committed to the dividend, none of these high-yielding stocks are risk free. You have to like more than just the yield to buy these stocks. Notice these high-yield dividend stocks are in different sectors, which is good for diversification.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:XIU (iShares S&P/TSX 60 Index ETF)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/27
Date Created
2017/10/30
Author
bmacintosh