



## 2 Big Dividend Stocks With Lots of Upside

### Description

The Canadian market offers a dividend yield of about 2.3%. The two dividend stocks that will be discussed in this article offer much bigger yields and incredible upside potential thanks to the volatility of the stocks.

**TORC Oil and Gas** (TSX:TOG) stock is about 20% lower than its 52-week high. TORC is a well-run oil and gas producer with run-rate production of 27,000 barrels of oil equivalent per day. It's focused on a light oil asset base with low decline and high netbacks.

TORC's core focus is on generating free cash flow. The company is built on the foundation of a strong balance sheet. Additionally, it owns high-quality assets and grows organically and via strategic acquisitions that lead to a relatively safe dividend.

What makes TORC an interesting opportunity is that the Canadian Pension Plan Investment Board (CPPIB), which invests the funds of the Canada Pension Plan on behalf of its 20 million Canadian contributors and beneficiaries, has a 28% stake in the company.



CPPIB has so much confidence in the company that it has been reinvesting 100% of the TORC dividends that it receives back into the business. TORC also has meaningful insider ownership of 4%.

At \$6.46 per share as of writing, TORC offers a dividend yield of 4.1%, and it can trade beyond \$9 for

+40% upside potential.

**Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) is another great energy stock to buy on dips when it trades at the low \$40s (as it does now!). Vermilion Energy is a unique opportunity with high netback businesses in Europe, North America, and Australia. It boasts to a self-funded growth-and-income approach that's supported by high margins, low decline rates, and strong capital efficiencies.

Its production mix is about 60% North America, 35% Europe, and 5% Australia, while its free cash flow mix is about 53% Europe, 44% North America, and 3% Australia.

At \$42.42 per share as of writing, Vermilion Energy offers a dividend yield of 6.5%, and it can trade beyond \$55 for +30% upside potential. Vermilion Energy offers a relatively safe dividend in the oil patch, which is evidenced by the fact that it has maintained or increased its dividend since 2003 — that is, even throughout the last recession.

### Investor takeaway

The ups and downs of energy stocks offer [low-risk opportunities to buy quality stocks](#), such as TORC and Vermilion Energy on dips for juicy dividend yields. I believe that now is an excellent opportunity to buy these stocks on dips for [double-digit upside](#). Meanwhile, shareholders receive big dividend yields while they wait for price appreciation.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:VET (Vermilion Energy Inc.)

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