



Retirees: Give Yourself a Raise With These 5 Outstanding Dividend Stocks

Description

For many retirees, especially folks without a couple million bucks saved up, the Holy Grail of investing is a portfolio of stocks with high, sustainable dividends.

The sustainable part is often tricky. There are dozens of high-yield stocks on the TSX. Some of them offer great payouts that leave enough cash flow to reinvest for future growth. But many others are risky, with management offering dividends far higher than earnings can support. These companies are then forced to borrow to pay the dividend, which makes next year's payout that much riskier.

Here are five of Canada's safer high-yield stocks, all with a payout north of 4%.

Power Financial

Power Financial (TSX:PWF) is a financial services conglomerate. It owns parts of **Great-West Lifeco**, **IGM Financial**, and Fintech startup WealthSimple. Shares have recently slipped under \$30 each as the market has soured on some of Power's underlying assets.

This weakness is great news for dividend investors, who can lock in a 6% yield if they buy today. These investors are also getting a stock that trades at a mere 10.5 times trailing earnings (and less than eight times forward earnings) and that barely trades above book value. Additionally, Power Financial shares have consistently traded for approximately 20-25% under the net asset value of the underlying assets. That makes the stock even cheaper than it appears at first glance.

Rogers Sugar

I'm the first to admit the sugar business will likely suffer a slow decline over time. But that doesn't mean investors should ignore Canadian sugar manufacturer **Rogers Sugar** ([TSX:RSI](#)).

Like Power Financial, Rogers Sugar trades at a very reasonable valuation. Shares currently trade hands at 15 times trailing earnings and just 11 times forward earnings estimates. The stock also has a very reasonable price-to-sales ratio of just 0.9 times and a price-to-book multiple of 1.7.

Remember 2017's earnings were depressed because of the company's expansion into maple syrup. That acquisition should be accretive this year, which will make the current 6.6% payout all the safer.

Algonquin Power

Algonquin Power and Utilities ([TSX:AQN](#))([NYSE:AQN](#)) has been one of Canada's most successful growth-by-acquisition stories. It has transformed itself from regional player into one of North America's leading utilities, providing electricity, natural gas, and water services for some 760,000 customers. Algonquin also has an ownership stake in operations in South America and Africa.

Companies like Algonquin are expected to benefit as the United States takes aging coal-fired power facilities offline and replaces them with greener options. This should lead to strong, predictable growth, which will take the company's already generous dividend much higher. The current yield is 4.8%, and management predicts the payout is likely to grow 10% annually between 2019 and 2022.

First National

First National Financial ([TSX:FN](#)) is one of Canada's largest mortgage lenders. Unlike a traditional bank, it works exclusively with mortgage brokers. This allows it to lend billions of dollars out every year while only having less than a thousand employees.

Sure, the recent changes in Canada's mortgage qualification rules will slow First National's business, but the company is still solidly profitable. Shares are currently trading at less than 10 times forward earnings, and the company should easily earn enough to cover its 6.9% dividend. In fact, its payout ratio in the latest quarter was 70%, and that was after the bottom line disappointed.

Northview Apartment REIT

I've long liked **Northview Apartment** (TSX:NVU.UN) and its strategy of buying apartments outside Canada's main markets. Smaller centres feature less competition chasing the same assets, which helps boost Northview's overall returns.

The stock features a 6.3% distribution, which is far higher than Canada's other apartment REITs. Even after shares appreciated smartly (they're up some 23% since the [last time I featured the company](#)), the company's price-to-funds from operations ratio is still firmly below its peers. And Northview's apartments in oil country will continue to show improved results as economic conditions in these areas improve.

CATEGORY

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:FN (First National Financial Corporation)

4. TSX:RSI (Rogers Sugar Inc.)

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Author

nelsonpsmith

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