# It’s Time to Start Loading Up on These 2 Dividend-Paying Energy Stocks

## Description

Thanks to the latest spell of volatility in the markets, two of Canada’s leading oil and gas companies are available on the cheap.



What makes **Suncor Energy** (TSX:SU)(NYSE:SU) and **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) such interesting investments right now is that the stocks of both companies have not been this attractively priced in recent memory.

Granted, there’s no telling what will happen from day to day or even week to week.

In order to avoid the risk of trying to “time” the market properly, investors may want to consider a dollar cost averaging strategy that would see them allocate a fixed dollar amount to the shares of each company every couple of weeks or, alternatively, on a monthly basis.

But one of the great opportunities being offered with these two stocks is that despite them both being constituents of the Canadian energy sector, there are some important distinctions to be aware of.

The good news is that investors can afford to hold both in their portfolios and not have to worry about being overly concentrated to a particular risk factor.

One difference between them is the size disparity between the two.

Suncor is one of the largest companies listed on the TSX Index with a market capitalization of $75 billion. Crescent Point, however, is one of the smaller constituents of the S&P/TSX 60 Index with a market capitalization of $5.7 billion. To be fair, $5.7 billion wouldn’t be considered a small-cap stock by most people’s standards.

But the size difference between Crescent Point and Suncor does suggest that the CPG shares may exhibit more volatility than SU stock, with the caveat being that CPG stock would probably offer better upside potential in return for the added risk investors are taking on with an investment.

The second most important difference is between the two company's dividends.

SU stock yields shareholders a 3.25% dividend yield as of last Friday; meanwhile, Crescent Point's dividend yields shareholders 5.34%.

But while, on the surface, you might be thinking that would give CPG stock the decided edge between the two, there's unfortunately more to it than just that.

Suncor's dividend only requires the company to pay out about half, or 51%, of its earnings to shareholders. It's then able to reinvest the other half, or 49%, in the company itself.

Crescent Point's dividend might be viewed by some investors as being "unsustainable." That's because the company pays out a $0.03 monthly dividend, which works out to $0.36 per share annually.

While the monthly divided can certainly be of some value to retirees and those living on the income from their portfolios, the fact that Crescent Point was only able to post a profit for the first time in five quarters in June is certainly of some concern.

Crescent Point has been forced to reduce its monthly dividend on two separate occasions since 2014, and you can bet that shareholders are hoping that there isn't a third.



**Bottom line**

Conservative investors who may not want to deal with a lot of volatility in their accounts may gravitate towards the larger more established Suncor.

But those investors may also want to note that despite its lack of size and the looming uncertainty regarding the future of its dividend, CPG stock currently trades at less than half the value of the shareholders' equity recorded on its balance sheet.

There could be very significant gains ahead for these two dividend energy stocks.

Fool on.

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