



Revealed: 5 Great Dividend Stocks Yielding 5% (or More!)

Description

Many investors are searching for what they view as the best of both worlds, sustainable dividend stocks that offer hugely generous payouts.

Their logic is simple. If dividends are great, then extra large dividends must be all the greater. It's hard to argue with that.

There's just one problem. Some of these stocks come with payouts you simply can't trust. Some distribute more than they earn, which isn't sustainable over the long-term. Others should be putting that cash to better use rather than shipping it off to shareholders. And some of these stocks will see their earning power take a hit, which then puts the payout in jeopardy.

But that doesn't mean there aren't dozens of great Canadian high-yield stocks. Let's take a look at five that currently pay more than 5%.

Great-West Lifeco

I purchased shares of **Great-West Lifeco** ([TSX:GWO](#)) a few weeks ago, [enticed by the company's low valuation and succulent 5.6% dividend yield](#).

Things are going pretty well for Great-West Life right now, but the market isn't giving it any respect. Full-year 2018 earnings were \$3 per share, versus \$2.18 in 2017, putting shares at just a hair over 10 times trailing earnings. Analysts expect a slight increase in 2019's earnings as well — to \$3.10 per share.

The company's management also thinks shares are undervalued, and they're putting up company money to prove it. Great-West Life recently announced a \$2 billion share buyback, a significant event for a stock with a market cap of \$30 billion.

Vermilion Energy

Vermilion Energy Inc. ([TSX:VET](#))([NYSE:VET](#)) is a diverse oil and gas producer with the majority of its operations in Europe and the United States. This has allowed it to avoid most of the carnage impacting energy companies with large exposure to Alberta and its set of unique problems.

The company has grown production significantly since 2014, with 2019's average numbers expected to be a little over 100,000 barrels of oil per day. This should push funds from operations, a key metric of cash flow for the energy sector, to over \$1 billion for the first time.

All this translates into good news for Vermilion's dividend, which is one of the few left after weakness in the sector eliminated most payouts. The yield is 8.5%, and the payout was hiked in 2018.

Dream Industrial

Dream Industrial REIT ([TSX:DIR.UN](#)) owns 223 light industrial properties across Canada and, more recently, into the United States, spanning 20.2 million square feet of area. Investors have obviously liked the U.S. expansion, with shares up 21% over the last year.

The company is also posting great results. Its occupancy rate is currently above 97%, and the balance sheet is in good shape. It trades at a discount to peers, especially on the U.S. side. The company has consistently kept its payout ratio under 80%, which is great news for the 6.6% dividend. Investors should be able to count on that distribution for years to come.

Chorus Aviation

Chorus Aviation Inc. ([TSX:CHR](#)) has two main divisions. It operates regional flights for **Air Canada** — anything branded Air Canada Express is operated by Chorus — and it has a rapidly growing aircraft leasing business.

Air Canada is happy with Chorus, with the two companies recently announcing an extension to the current contract. The partnership now expires in 2035. This deal also increased the number of aircraft Chorus will lease to Air Canada, with that number poised to hit 67 by 2022.

Remember that Chorus is also leasing aircraft to other parties. It has agreements with 12 different airlines, including KLM, Aeromexico, and Philippine Airlines.

These two growing businesses are enough to easily support Chorus' \$0.04 per share monthly dividend, giving the stock a 6.8% yield.

Northland Power

Northland Power Inc. ([TSX:NPI](#)) is a power generation company with assets producing close to 2,500 MW of energy. It has a total of 26 different facilities with the majority located in Canada, but it also has

assets in Europe.

The company is in the middle of an ambitious expansion plan. It plans to build some 1,300 MW worth of generating capacity in the next decade or so, with opportunities around the world as nations switch from dirtier power sources to clean energy, Northland's specialty.

In the meantime, investors are getting a 5% yield from a dividend that is well under 50% of free cash flow. In other words, you can trust this payout.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CHR (Chorus Aviation Inc.)
3. TSX:DIR.UN (Dream Industrial REIT)
4. TSX:GWO (Great-West Lifeco Inc.)
5. TSX:NPI (Northland Power Inc.)
6. TSX:VET (Vermilion Energy Inc.)

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