



## Dividend Investors: This 9% Yielder Will Pay You Every Month!

### Description

Have you ever wondered if it was possible to get a nearly double-digit yield on a stock that also has upside?

In general, it's hard to have both. Investments with extremely high yields — like REITs — often don't have much potential for high returns. Because they spend most of their earnings on dividends, they are rarely able to reinvest cash flow; as a result, growth for these companies tends to be highly leveraged and costly.

However, that's not always the case. Every so often you find a beaten-down stock with a high yield that could, if things go well, also deliver gains. These opportunities are rare, but when you find them, you jump.

In this article, I'll discuss one company that meets that description. An energy development stock, it has the potential to explode if the price of oil continues to rise. This stock's yield is close to 9% and it pays its distribution out monthly. Although this stock has taken a beating in the markets, it has the potential to rise if energy as a whole remains strong.

### Vermilion Energy ([TSX:VET](#))([NYSE:VET](#))

Vermilion Energy is an oil exploration and development company that focuses on oil and natural gas. Two major earnings misses in 2015 and 2016 sent the company's stock sliding, but now with oil on the upswing, the company may have better years ahead of it. In its two most recent fiscal years, Vermilion reported healthy and growing profits. With an ultra-high dividend, the company could also pass those profits on to investors.

### What the company does

Vermilion is primarily engaged in exploring and extracting oil and natural gas in [North America, Europe, and Australia](#). This geographic diversification gives the company access to various different types of

oil, meaning it has a buffer against the dreaded Canadian crude to WTI spread — the bane of many Canadian energy stocks. The company's European operations contribute 35% of its revenue, and it is able to sell its European-produced crude at 35% more than the prices Canadian crude can fetch.

## A monthly dividend schedule

One of the most attractive features of Vermilion Energy's stock right now is its dividend. At [\\$0.23 per month](#), it yields 8.9% on an annualized basis. The fact that the dividend is paid monthly means you won't have to wait long for your dividend checks to come in if you buy this stock. However, this company's earnings history is very erratic, so you should consider the possibility of the dividend being cut after a particularly poor quarter.

## Foolish takeaway

Vermilion Energy is a beaten-down stock that, thanks to its low share price, has an absolute whopper of a yield. The challenge for investors is deciding whether this big yield is worth the risk of further share price declines. Although Vermilion's earnings are on the way up long term, the company has had plenty of losing quarters and fiscal years in its recent history, so what you're looking at here is a potentially high but risky yield.

### 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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