



3 Highly Stable Dividend Stocks Yielding 6% or More

Description

Dividends are always a nice boost for investors, especially when they are reinvested. A lot of the time, however, they can be overlooked for the much more appealing capital gains.

Capital gains, however, are more attractive because of the infinite returns they can provide. Dividends are the core driver of the portfolio, which will drive portfolio growth through the ups and downs of economic cycles.

While a 6% annual dividend may not seem like all that much when you compare it to some possible capital gains, when you begin to compound it over the long term, the numbers become astronomical.

For this reason, it's best to build your portfolio with dividend paying stocks at first and let it compound for years.

Three stocks that pay dividends above 6%, but also offer the chance of capital appreciation are **Inter Pipeline Ltd.**(TSX:IPL) **Western Forest Products Inc** ([TSX:WEF](#)) and **H&R Real Estate Investment Trust** (HR.UN).

Inter Pipeline

Inter Pipeline jumped earlier this month after announcing better-than-expected second-quarter earnings.

The company was able to increase its adjusted funds from operations (AFFO) 13% from the prior quarter, to \$240 million. AFFO was down from the prior year due to lower volumes on its pipelines as a direct result of Alberta's mandatory oil curtailments.

[Inter Pipeline](#) also announced after the quarter that it had successfully implemented a pipeline connection and also announced a \$100 million capital project to build a pipeline expansion. Together, these growth projects are expected to add another 40 to 50 thousand barrels per day to its pipeline system.

In addition, the company has stated that it's exploring a sale of its European oil storage business in order to pay down some debt.

The company has well-run operations and has a promising strategy going forward. It has tons of potential as you look to the future, with the majority of its pipelines tied to future oil sands contracts.

The dividend currently yields nearly 7%, and should continue to increase as IPL expands its business.

Western Forest Products

Western Forest is a Canadian lumber company. The company has a well-diversified sales base. In the last 12 months, 37% of sales have come from Canada, 24% from the U.S and 39% internationally.

Another positive about the company is that it does 60% of its sales in specialty lumber and 76% of lumber revenue from non-commodity prices.

The non-commodity lumber is sold for a premium and has more robust margins. This means that the company is significantly more stable through commodity cycles than some of its peers.

The company has been returning cash to shareholders through share repurchases and a dividend that currently yields over 7%.

H&R REIT

H&R is one of the largest real estate investment trusts in Canada, with over 41 million square feet in its portfolio and total assets worth more than \$14 billion.

It's completely diversified with assets that include industrial, office, retail and residential properties. It has 183 properties in Canada, and 58 properties in the U.S.

H&R is a top quality, vertically integrated company that will continue to grow its revenue and net income. Its size and diversification make its dividend highly stable, so investors today can earn a dividend that yields more than 6% and will be regularly increased in the future.

Bottom line

Finding dividend paying companies such as these will reward investors for years to come. The compound interest on the continuous dividends coupled with future dividend increases and share appreciation will create a massive snowball effect.

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1. TSX:HR.UN (H&R Real Estate Investment Trust)
2. TSX:WEF (Western Forest Products Inc.)

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