



Retirees: Boost Your CPP Pension With 3 Dividend Stocks

Description

We have seen that the CPP (Canadian Pension Plan) and OAS (Old Age Security) payouts [are not sufficient](#) to lead a decent retirement life. The average monthly total payout for the OAS and CPP stands at \$979.63, which means retirees will have to look at another income stream to supplement these payments.

High-yield dividend stocks provide investors with a stable stream of income, as they are paid every quarter.

Vermilion Energy

Oil stocks such as **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) have underperformed broader markets over the years. The stock is down by a massive 68% in the last five years due to a weak domestic market and falling oil prices.

However, Vermilion's pullback has meant the stock has a forward dividend yield of 14.3% compared to its five-year average dividend yield of 7.1%. Vermilion Energy has a debt of \$2.05 billion. Comparatively, its operating cash flow is \$782.25 million, which is enough to repay principal and interest payments.

The company can sustain its dividend payments in the short term and aims to expand profit margins over the next few years via cost efficiencies. Analysts tracking Vermilion have a 12-month price target of \$24.41 on the stock, indicating an upside potential of 29% from the current price.

Chemtrade Logistics

Another stock that has underperformed the S&P 500 in recent times is **Chemtrade Logistics** ([TSX:CHE.UN](#)). The stock has lost a quarter of its market value in the last year and is down 57% in the last five years.

The decline in market value has increased Chemtrade's forward dividend yield to 13.5% compared to its five-year average of 8.1%. Chemtrade provides industrial chemicals and services. Its major markets include Canada, the United States, and South America.

It is the largest supplier of sulfuric acid in North America and has a diverse product portfolio in the industrial chemicals space. Due to the decline in market value, Chemtrade stock has a price-to-sales ratio of 0.53 and a price-to-book ratio of 1.03.

Analysts expect sales to fall 2.6% to \$1.55 billion in 2019 and then rise by a marginal 0.7% in 2020. Comparatively, earnings are expected to improve from -\$0.45 in 2018 to -\$0.01 in 2020.

Analysts tracking Chemtrade have a 12-month average target price of \$11.53, indicating upside potential of 29%.

Freehold Royalties

Freehold Royalties ([TSX:FRU](#)) is a Canada-based company engaged in the development and production of oil and natural gas. Its [primary focus is on acquiring and managing](#) oil and natural gas royalties.

Analysts expect company sales to fall from \$145 million in 2018 to \$139 million in 2019. This has resulted in a 15% decline in the company's stock price over the last 12 months. In the last five years, Freehold has declined close to 65% in market value.

This has meant its forward dividend yield stands at a tasty 8.6%, compared to its five-year average of 6.63%. Analysts tracking Freehold have a 12-month average target price of \$10.22, indicating an upside potential of 46.5%.

The verdict

The three stocks have been decimated in the last five years. Investors can use the high dividend yield as a starting point but need to analyze the long-term prospects of these companies further.

Analysts expect share prices of Chemtrade, Vermilion, and Freehold to gain momentum in 2020, which will also result in significant capital appreciation in addition to dividend payments.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)

2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:FRU (Freehold Royalties Ltd.)
4. TSX:VET (Vermilion Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/21

Date Created

2020/02/10

Author

araghunath

default watermark

default watermark