



## Income-Seeking Investors: 3 Top-Yielding Dividend Stocks in Canada

### Description

Dividend investing could be one of the best long-term investment strategies. However, looking just for higher yields could be risky and might not be effective. Many times, a stock's yield is higher because of the share price fall and not because of the dividend increase.

Thus, a relatively lower yield with greater earnings stability and predictability would be a more prudent approach for dividend investing. Here are some of the top-yielding stocks in Canada.

### Vermilion Energy

Integrated energy company **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) is the top-yielding stock in Canada. It offers a yield of 15% at the moment. While the yield looks insanely high, it is far lower than the five-year average yield close to 6%. The company has not increased dividends since April 2018, and the yield surge is mainly due to the stock price plunge.

The energy sector has largely remained subdued in the last few years, and the same is the case with Vermilion Energy stock as well. The stock has lost more than 40% in the last 12 months.

Vermilion's payout ratio in 2019 was well over 100%, which means that it paid dividends more than what it earned during last year. Payouts were funded largely by reserves or by debt, which is not a great sign for a company. [Vermilion Energy aims to increase profit margins](#) by cost efficiencies, which could help support dividend payments.

It should be noted that the energy sector outlook continues to remain negative in the near future. Volatile oil and gas prices could lower capital investments and thus hamper earnings. This might keep investors at bay.

### Chemtrade Logistics

**Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) offers a yield of more than 13%. Its five-year

historical yield comes around 8%. Notably, Chemtrade stock has more than halved since the start of 2018.

Chemtrade Logistics is chemical and services company and serves North America and the rest of the world. It has a diverse product portfolio and is the biggest supplier of sulfuric acid in North America. An \$827 million company, Chemtrade stock has lost approximately 5% in the last 12 months.

The company has kept its dividends stable for the last more than 15 years. It has not cut dividends during the 2008 financial meltdown, and thus, passive investors can rely on these stable dividends. However, Chemtrade has been reporting losses for the last couple of years, which might bother investors.

Income seekers can lock in Chemtrade's dividends of \$1.20 per share, as expected by analysts for 2020. With a solid dividend yield and a recent steep decline in market value, [Chemtrade stock looks attractive](#) for long-term wealth seekers.

## Ensign Energy Services

Oilfield services stock **Ensign Energy Services** ([TSX:ESI](#)) is currently trading at a notable 9% dividend yield. Its significantly larger yield is higher than that of broader markets as well as its historical yield of 6%. The company provides drilling services to oil exploration companies primarily in Canada and the U.S.

The price per share of Ensign Energy is \$2.6. It paid a dividend of \$0.48 per share last year. The stock has largely been on a downtrend for the last few years. It has lost more than 50% in the last 12 months. Thus, despite a dividend increase, the stock fall has resulted in a good-looking yield in the last few years.

As earlier stated, the energy sector continues to struggle due to volatile oil and gas prices. Importantly, Ensign Energy's large exposure to exploration and production companies makes it a relatively risky bet. The company will report its quarterly earnings sometime next month.

The year 2019 was a tough year for the company, and Q4 will likely be no different. Management commentary will likely be an important driver for the Ensign stock in the short to medium term.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:ESI (Ensign Energy Services Inc.)
4. TSX:VET (Vermilion Energy Inc.)

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1. Investing

### Date

2025/08/24

### Date Created

2020/02/24

### Author

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