



Get Humongous Yield From These 3 Monthly Dividend Studs

Description

You can't fault the logic. If getting a dividend is a good thing, then stocks with a higher yield *must* be better, right?

But investors must be careful following this strategy. A humongous yield often happens because the market is trying to tell you something. Such a payout should be immediately considered risky. It's then up to each individual person to do the analysis and see whether the prevailing opinion is correct or not.

This is often much trickier than you'd first assume. You must look beyond last year's earnings toward the future, which is notoriously hard to predict. But the reward can make it all worthwhile; some of these high-yield stocks easily have 50-100% [upside potential](#), including the dividend — a nice addition to any portfolio.

Let's take a closer look at three humongous yield stocks, companies with big dividends today and upside potential in the future.

Extendicare

Don't believe the naysayers. The long-term care industry in Canada is not going to be permanently changed by COVID-19. The industry will make a few changes and it'll be back to normal in a few years, which means that investors who buy **Extendicare** ([TSX:EXE](#)) shares today should see nice long-term price appreciation.

Extendicare is Canada's biggest long-term care operator; it also has seniors living and home health care divisions. Some of the company's facilities were tragically hit by COVID-19, but the worst appears to be behind it. Management can soon turn the company's attention back to its long-term growth plan, which includes acquiring and developing assets.

Remember that Canadian baby boomers will eventually need some sort of assisted living.

Even with weakened earnings, Extendicare can easily afford its distribution, which checks in at 8.2%. If

we combine this payout with the company's excellent capital gains potential once COVID-19 becomes nothing but a memory, it's a compelling investment thesis.

BTB REIT

BTB REIT ([TSX:BTB.UN](#)) is a diversified REIT with 65 different properties located in Eastern Canada. The portfolio consists of office space, retail shops, and industrial real estate, spanning 5.7 million square feet and nearly \$1 billion worth of assets.

April's results were a little weak as the REIT reported certain tenants didn't pay rent. May's numbers improved nicely, with the company able to collect 86.6% of rent owing. BTB also told investors it expects these numbers to keep improving since the Quebec economy mostly reopened in May. Tenants are happy to be back in business.

Management was proactive regarding the distribution and decided to [slash the payout](#) from \$0.42 to \$0.30 per share on an annual basis, a prudent move in today's environment. Even after this cut, BTB offers a massive yield of 9.2%, a payout that sure looks to be sustainable over the long term — especially if business continues to improve.

Power Corporation

Power Corporation of Canada ([TSX:POW](#)) is a holding company with some interesting assets in the financial services space. Major assets include stakes in major Canadian insurance and wealth management companies, as well as a position in the **Belgian Stock Exchange** and China AMC, which is China's largest wealth manager.

The company also owns smaller stakes in various fintech companies, technology companies with big upside potential if they can crack their lucrative markets. Two of the more famous stakes are in WealthSimple and Personal Capital, two leaders in their respective niches.

While Power Corporation does trade at a discount to the sum of its parts, investors shouldn't stress about that. It's always going to trade at a discount, as there's no near-term catalyst to sell any of the underlying assets. The company's holdings are solid companies that should continue to perform well. That's what matters, not a discount to the sum of the parts.

While they wait, investors get treated to a succulent dividend. The current yield is 7.5%, a payout that has been hiked each year since 2015.

The bottom line

If you're looking for humongous yield, look no further than Extendicare, BTB REIT, and Power Corporation. These three dividend studs look poised to deliver dependable payouts for years to come, combined with excellent capital gains potential — exactly what you should be looking for.

CATEGORY

1. Dividend Stocks

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TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)
2. TSX:EXE (Extendicare Inc.)
3. TSX:POW (Power Corporation of Canada)

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