



This Dividend Stock Has a Truly Unbelievable 15% Yield!

Description

It's not every day you come across a dividend stock with a 15% yield. Usually, when you do find one, you find that its payout is unsustainable or the underlying company is not doing so well. There are exceptions, though. Every now and then, you'll find a legitimate, prosperous company that has a yield well into the double digits. After the 1929 stock market crash, the average yield was about 8%, and many individual stocks yielded far more than that. Today, such yields aren't as common, but they do exist. In this article, I will explore one U.S. stock with a 15% yield, along with a Canadian stock that's pretty close to the same level.

Icahn Enterprises

Icahn Enterprises ([NASDAQ:IEP](#)) is a diversified holding company controlled by activist investor Carl Icahn. The company is involved in a number of different activities:

- Investment management
- Energy and other commodities
- Automotives
- Pharmaceuticals
- Real estate

IEP's involvement in these industries mainly comes from buying up companies and selling them. Icahn, an activist investor, often tries to influence the companies he buys or resell their assets for more than he paid for them. In the past, this strategy has worked well. Lately, however, it hasn't been as effective.

Icahn Enterprises had a poor showing in its most recent quarter, with a [\\$211 million net loss](#) and negative EBITDA in many of its individual segments. According to some authors, the company is issuing stock dividends in lieu of cash, as it is too financially strained to make its payouts. So, while IEP's 15% yield certainly looks tempting, the stock may not be the most promising investment overall.

Are there Canadian stocks with similar yields?

As a Canadian investor, you might be interested in whether there are *Canadian* stocks that approach IEP's sky-high 15% yield. Icahn Enterprises isn't having a great run of it lately, so you'll probably want to look elsewhere for yield. Why not look at Canadian equities?

The highest-yielding Canadian stock I was able to find in my research for this article was **Labrador Iron Ore Royalty** ([TSX:LIF](#)). It has an 11.79% yield. LIORC holds investments in the **Iron Ore Company of Canada**, a leading producer of iron ore pellets. The Iron Ore Company of Canada passes [dividends and royalties](#) to LIORC, which then passes them on to investors. According to LIORC's website, it has paid its dividend every single quarter since the start of 2013. For many years, the dividend sat unchanged at \$1 per year. In 2020, it jumped to \$2.55 and then to \$6 in 2021. It's certainly an interesting high-dividend stock to consider.

Another category of high-dividend Canadian equities is ETFs. Covered-call ETFs like **BMO Covered Call Utilities ETF** ([TSX:ZVU](#)) use covered calls to increase their yields. Covered-call writing is a yield-enhancement strategy in which you collect option premiums in exchange for selling calls to option traders. If the underlying stock hits a certain price, you have to sell it, and you keep the option premium. If the stock doesn't hit the predetermined price, then you get to keep the premium and the stock! This strategy generates a lot of cash income, and utilities have pretty high dividend yields to begin with. So, it should come as no surprise that ZVU throws off buckets of dividends. At 7.4%, its yield is much higher than the vast majority of individual stocks out there.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:IEP (Icahn Enterprises L.P.)
2. TSX:LIF (Labrador Iron Ore Royalty Corporation)
3. TSX:ZVU (Bmo Covered Call Utilities ETF)

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