# Warning: More Downside Ahead for These Canadian Dividend Aristocrats

## Description

Canadian Dividend Aristocrats are reliable dividend-growth companies. They have histories of raising dividends for at least five consecutive years and, as such, have a certain degree of safety attached to them.



However, just because one has achieved Aristocrat status doesn't mean trouble isn't brewing. One needs to look no further than once-reliable Aristocrats **Home Capital Group** and **Aimia** to see how far the mighty can fall.

One way to gauge potential trouble is to look at short positions. What are bearish investors betting against? There are two key lists to monitor, and at the top of both are Canadian Dividend Aristocrats. The lists centre on the percentage of shares on loan. As investors need to borrow shares to short, it is usually a good indicator of bearish sentiment.

**Highest percentage of shares on loan**

This list features the top companies with the highest percentage of shares on loan. Jumping to the top of the list is **Laurentian Bank** (TSX:LB). Although the company has been on the list before, it saw a significant spike this past month.

As of the most recent data, approximately 28.3% of its shares are out on loan. This is up from 23.2% in mid-September. Did you know that Laurentian is the only major unionized bank in North America? As such, bears point to an increasing risk of labour strikes as a major headwind for the company.

Year to date, the company has lost 25% of its value and 30% over the past year. As of writing, approximately 6% of its share outstanding are short. Given the large number of short positions, expect continued pressure on the stock.

**Biggest increase in percentage of shares on loan**

Another dividend-growth stock tops the list of the biggest increase in percentage of shares on loan. **Finning International's** (TSX:FTT) short positions jumped a whopping 362% over the previous month.

Is there cause for significant concern?

Not necessarily. Although there was a massive spike, the company's percentage of shares on loan is still relatively low and only 0.6% of its shares outstanding are short. As a result, the large increase was primarily a result of it having a lower short position to begin with.

After a solid 2017, Finning has lost approximately 8% thus far in 2018. A word of caution, however, as its decline has been accelerating over the past few months. Although the large increase is not an immediate cause for concern, investors should monitor the company's short position over the next few months.

If shares out on loan continue to rise, it may be indicative of rising bearish sentiment against the company.

**CATEGORY**

1. Dividend Stocks
2. Investing

**POST TAG**

1. Editor's Choice

**TICKERS GLOBAL**

1. TSX:FTT (Finning International Inc.)
2. TSX:LB (Laurentian Bank of Canada)



**PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing

**Tags**

1. Editor's Choice

**Date**
2025/08/16
**Date Created**
2018/10/23
**Author**
mlitalien