Retirees: 2 TSX Dividend Aristocrats That Yield up to 5.2%

Description

Canadians who have entered retirement may have ended their working days, but that does not mean that they will be able to press the brakes when it comes to managing their portfolios. Retirees should focus on stocks that can provide income that will sustain them late into retirement. Today, I want to look at two Dividend Aristocrats on the TSX that fit the bill.

Back in September, I'd discussed three Dividend Aristocrats that were subject to the tougher criteria of the S&P 500. Today, we will be going by the criteria for a Dividend Aristocrat on the TSX. That means the stock will have achieved at least five consecutive years of dividend growth, but it can maintain the same dividend for a maximum of two consecutive years within that period.

Methanex

Methanex (TSX:MX)(NASDAQ:MEOH) is a Vancouver-based company that supplies, distributes, and markets methanol worldwide. Shares have dropped 24.4% in 2019 as of close on October 25. However, the stock has achieved average annual returns of 11% over the past 10 years.

The company is expected to release its third-quarter 2019 results this week on October 31. In the second quarter, Methanex reported a retreat in revenue, adjusted net earnings, and adjusted EBITDA due to lower sales of methanol. Management said this was due to the timing of inventory flows, which impacted its mix of produced versus purchased product sales. Methanex still enters the back half with $228 million of cash on hand and a strong overall balance sheet.

Shares last paid out a quarterly dividend of $0.36 per share. This represents a 3.9% yield. The company has achieved dividend growth for eight consecutive years. There is also a buy-the-dip opportunity here with Methanex trading close to its 52-week low. The stock boasts a favourable price-to-earnings ratio of 7.9 and a price-to-book value of 1.9.

BCE

Around this time last year, I'd explained why I liked telecoms in a turbulent market environment. **BCE** (TSX:BCE)(NYSE:BCE) stock has climbed 17.3% in 2019 as of close on October 25. Telecoms and other stable income-yielding equities like utility stocks have shown strength in a year that has seen collapsing bond yields and central banks turn dovish.

BCE stock has dropped 5% over the last month, and the company is set to release its third-quarter results on October 31. It posted a strong second quarter as total wireless, retail internet, and IPTV net customer additions soared 25.5% year over year. Net earnings rose 8.2% from the prior year to $817 million and cash flows from operations activities increased 1.8% to $2.09 billion.

The board of directors last announced a quarterly dividend of $0.7925 per share, representing an attractive 5.2% yield. BCE has achieved dividend growth for 11 consecutive years. In the second quarter, Chief Financial Officer Glen LeBlanc said that its free cash flow generation and strong financials positioned BCE well for a 12th consecutive year of an increased dividend in 2020.

Telecom stocks were dragged down after **Rogers Communications** slashed its revenue outlook as unlimited wireless plans start to weigh on the industry. Others are expected to follow. BCE stock had an RSI of 25 as of this writing, putting it in technically oversold territory. I like it as a dip-buying opportunity, but investors may want to await its Q3 report.

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3. TSX:BCE (BCE Inc.)
4. TSX:MX (Methanex Corporation)

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