



## Retirees: 2 Canadian Stocks With Dividend Yields Over 9%

### Description

Income stocks are one of the best investments for retirees. A stable stream of cash flow is one of the top priorities for risk-averse investors. High-dividend-paying stocks provide that and much more.

The dividend yield is inversely related to a company's stock price. In case the stock price falls, the dividend yield increases and vice versa. So, in case a company has a high dividend yield, it might mean that the stock has lost considerable value. This might also result in capital appreciation for investors if the stock manages to bounce back.

Here we look at two Canadian companies with high dividend payouts.

### ARC Resources

Shares of **ARC Resources** ([TSX:ARX](#)) are trading at \$6.5. With a monthly dividend of \$0.05, the company's dividend yield stands at an impressive 9.2%. ARC Resources is a Canada-based crude oil and natural gas company.

It is engaged in the exploration and production of crude oil and natural gas. In 2018, the company generated 42.3% of sales from crude oil, while 35.4% of sales came from natural gas. The other revenue streams were from condensate and natural gas liquids.

ARC generates 100% of sales from Canada. In the September quarter, its average daily production stood at 134,813 barrels of oil equivalent. It generated \$145.4 million in funds from operation in the third quarter, and this figure stood at \$524.6 million in the first nine months of 2019.

Analysts expect ARC sales to fall by 14.9% year over year to \$1.18 billion in 2019. This will also result in a massive earnings decline of 90% this year. However, with revenue estimated to grow by 15.5% to \$1.36 billion, the company is also forecast to grow earnings by 317% in 2020.

In the third quarter, ARC paid dividends amounting to \$53.1 million, and this figure stands at \$159.3 million in the first nine months of 2019. ARC shares have fallen close to 27% in 2019 due to its

expected decline in earnings and top line.

However, its robust earnings growth in 2020 might keep investors interested, and the stock might move higher if it manages to beat consensus estimates. Analysts tracking ARC have an average target price of \$9.5 on the stock, indicating an upside potential of 45%.

ARC also has [strong cash flows metrics and strong fundamentals](#) and looks like a solid long-term bet.

## American Hotel Income Properties

**American Hotel Income Properties** ([TSX:HOT.UN](#)) is a Canada-based real estate investment trust (REIT). The stock is trading at \$6.75 and has a forward dividend yield of 12.4%.

American Hotel Income Properties is a Canada-based limited partnership company but invests in hotel and real estate properties south of the border. In 2018, it generated 100% of revenue from the United States.

Since the start of January 2015, the stock has fallen by 37% which has resulted in a dividend yield of over 12%. While analysts expect the REIT's sales to fall from \$339 million in 2018 to \$332 million in 2021, its EBITDA is estimated to rise from \$93.8 million to \$100 million in the same period. The company's margin improvement might drive the stock higher.

AHIP is moving away from its Economic Lodging portfolio and is looking to gain traction in the high-margin premium-branded hotel space. This exit will increase AHIP's [cash balance by \\$90 million](#), which can be used to expand its presence in the high-end hotel segment.

REITs have to pay back at least 90% of their net profits to shareholders as dividends, making them attractive to income investors. AHIP can also be a solid wealth creator if the stock gains momentum in 2020.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)

### PARTNER-FEEDS

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