



## 2 of the Top High-Yield Dividend Aristocrats Going Into 2020

### Description

To be added to and kept on the Canadian Dividend Aristocrat lists, companies have to be able to consistently maintain their dividend for at least five years, while also continuously raising it over almost every term.

There is no requirement for dividend yield, however, so sometimes you'll find a company paying a very small portion of its income out in dividends, increasing it only a small percentage point just to keep its eligibility on this list.

Although these companies probably have good reason to retain most of their earnings and invest them in growth projects and opportunities, the dividend is not attractive to those investors who are searching for an income-generating stock.

While high-yield stocks are always slightly riskier to invest in, picking a [high-yield](#) Aristocrat comes with an extra level of safety and a track record of consistent performance, which is always a bonus.

Two high-yield Aristocrats to consider adding to your portfolio for 2020 are **Inter Pipeline** (TSX:IPL) and **Alaris Royalty** (TSX:AD).

### Inter Pipeline

Inter Pipeline is a pipeline and midstream energy company operating predominantly in Western Canada.

Its pipelines transport nearly 1.4 million barrels of oil equivalent per day (BOEPD), with more than 85% of that capacity being made up of oil sands volumes and the other 15% being moved on its conventional pipelines.

Interestingly enough, the oil sands pipelines make up only 55% of its total earnings before interest, taxes, depreciation and amortization (EBITDA), whereas conventional oil makes up about 14% of its total EBITDA.

Inter also processes roughly 130,000 BOEPD of natural gas liquids (NGLs). The NGL processing is quite significant to its overall business, making up the second-largest portion at about 21% of EBITDA.

Its other business segment, the bulk liquid storage business, makes up about 10% of its EBITDA.

Inter Pipeline has done well to diversify its businesses and mitigate as much risk as it can. Only 14% of its EBITDA is exposed to commodity prices, and only 30% is exposed to volumes on its pipeline.

In the third quarter, it had a funds from operations (FFO) payout ratio of 86%, and year to date it has an 80% FFO payout ratio, so its dividend is clearly stable. It also yields roughly 7.7% today and has been raised every year since 2009, so you can count on Inter Pipeline to generate the income you are looking for.

## Alaris Royalty

Alaris Royalty is one of the best companies on the TSX. Not only does it have an incredible track record of dividend performance and increases but also a strong track record of making sound investments that can be counted on to pay a royalty stream or investments the company has exited with major returns.

To date, the company has exited 13 total investments for a total return of 79%, which includes distributions added to the money it received upon exiting its investment. It also included three losses the company suffered, which shows how strong its entire portfolio of investments is.

With its current partners, Alaris can expect to generate more than \$100 million in annual distributions, most of which are in U.S. dollars, which can give an extra bonus to earnings if the USD is strong, but could impact earnings on a weakening USD vs the loonie.

It currently earns about \$3.29 a share in revenue and, after paying its expenses, can expect to generate nearly \$2 a share, which is used to cover the \$1.65 per share annual dividend. Currently, the dividend, which yields an attractive 7.6%, has a payout ratio of just 84%, giving Alaris lots of breathing room.

It has already invested \$170 million in 2019 by the end of the third quarter and has a five-year average of deploying roughly \$150 million annually, funding new investments and growing its portfolio.

It's an incredible company with access to some attractive deal flow. It can expose your portfolio to some creative, high-quality, and income-generating investments in small businesses across North America.

## Bottom line

Both these high-yield stocks are some of the best dividend-paying stocks on the TSX, and with such

attractive dividends, they make for great long-term investments that will help your portfolio generate income.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Dividend Stocks
2. Investing

## Date

2025/08/22

## Date Created

2019/12/14

## Author

danieldacosta

default watermark

default watermark