Dividend Aristocrats Yielding More Than 10%

Description

It's a difficult time for investors. The markets have experienced unprecedented volatility and it takes a high degree of self control to stay invested. In such times, Canadian Dividend Aristocrats make for excellent investments.

In Canada, Aristocrats are companies which have grown the dividend for at least five consecutive years. A growing dividend is usually a sign of a healthy business. Although the dividend is not 100% safe, they are usually more dependable than most other income stocks.

Thanks to the recent bear market, there are some Dividend Aristocrats which are now yielding in the double-digits.

Two pipeline Dividend Aristocrats

The energy industry has been decimated. The war on oil has led to valuations not seen in decades. Although pipelines usually hold up better than producers, this has not been the case for **Inter Pipeline** (TSX:IPL) and **Pembina Pipeline** (TSX:PPL)(NYSE:PBA).

The fear is that low oil prices will lead to bankruptcies in the oil & gas industry, which may negatively impact both companies who count some of the smaller players as customers. Year to date, Pembina's stock has shed 52.88%, while Inter Pipeline has also lost more than half its value (58.39%).

Thanks to this drop, these Canadian Dividend Aristocrats are both trading at record yields. At 18.23% and 11.11%, respectively, these yields certainly look attractive. It's worth noting that Inter's dividend has reached double digits several times before. Between 2000 and 2010, the pipeline yielded between 9 and 16%.

Inter has an 11-year dividend growth streak, although it last raised in November of 2018. It is in the middle of the largest capital project in company history: the Heartland Petrochemical plant.

It will be the first of its kind in Canada, but has been a drag on the company's cash and has resulted in a high debt load. On the bright side, lower interest rates should help.

For its part, Pembina has an eight-year dividend growth streak. Before this downtrend, it was one of the best- performing companies in the industry over the past three, five and 10-year periods.

A beaten-up real estate company

The Brookfield name is synonymous with quality. It's therefore surprising to see that **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) is now yielding 11.09%. Much like the two aforementioned pipelines, this is a record for the company.

This Canadian Dividend Aristocrat has an eight-year dividend growth streak and a targeted annual dividend growth rate of between 5-9%. Unfortunately, the company's retail division was a drag on financials this past year, and the company raised the dividend by just 0.76% this past January. It was a token raise, whose sole purpose was to keep its streak alive.

Given the retail struggles, then, it's not surprising that investors are further discounting the stock. Retail shops across the world are shutting down as the world practices social distancing. This does not bode well for the retail REIT sector and Brookfield Property Partners.

On the bright side, Brookfield Property is not a retail pure play. In 2019, the retail segment accounted for 30% of net income and 24% of funds from core operations.

Over the past month, Brookfield has lost 38% of its value and is now trading at a ridiculously cheap 6.11 times earnings at only 0.38 times book value.

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1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:BPY.UN (Brookfield Property Partners)
3. TSX:PPL (Pembina Pipeline Corporation)

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