



2 TSX Dividend Aristocrats That Have Weathered the COVID-19 Storm Well

Description

This coronavirus pandemic came quickly and out of nowhere, affecting companies across virtually every industry. Even many Dividend Aristocrats that have stood the test of time and survived past recessions fell victim to COVID-19 and were forced to cut the dividend to shore up cash.

Not every business was affected to the same degree, however. Some **TSX** stocks in essential industries or with highly defensive business models have been able to weather the storm. And although they may be seeing impacts from COVID-19 too, the impacts haven't been big enough to influence a dividend cut.

However, just because up until now nothing's happened with a dividend, doesn't mean nothing will. So investors have to continue to monitor their investments.

It is definitely a good sign if a business has yet to cut its dividend. This is especially true if we have another wave in the fall that forces the closure of businesses all over again.

Two of the top TSX Dividend Aristocrat stocks that have held strong so far are **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

Energy Dividend Aristocrat

Initially, early on in the market crash, Enbridge sold off significantly. However, it's clear the business has held in strong, even with one million barrels of production curtailment from Alberta.

Enbridge has a well-diversified and highly defensive business model. Plus, the segments of its business that are being impacted are highly competitive. This makes their operations extremely resilient, which contributes to Enbridge's overall highly defensive business model.

It's also worth noting that Enbridge actually grew its first-quarter adjusted earnings per share compared to the same quarter last year.

Enbridge will still likely see more of an impact later in the year as oil and gas producers curtail production. However, management believes the competitive advantages its assets offer will keep operations stable.

The most promising thing for dividend investors to take away from Enbridge's first-quarter results last month was management's reiteration of guidance for distributable cash flow of \$4.50 to \$4.80.

This means that even if Enbridge hits the bottom of that range, its current dividend rate of \$3.24 would have a payout ratio of just 72%.

That's very safe, especially for a dividend that currently yields nearly 7.5%. So although the Dividend Aristocrat has rallied roughly 30% from its bottom, it's still not too late to buy this high-quality [TSX stock](#).

Bank Dividend Aristocrat

Royal Bank, Canada's largest bank by market capitalization, is another high-quality Dividend Aristocrat that has held its ground.

Investors know that bank stocks, specifically high-quality dividend aristocrats like Royal Bank, are the perfect stocks to buy when [investing for income](#).

The company has seen some higher credit losses already from the oil and gas as well as consumer discretionary industries. However, three-quarters of its PCLs are made up of performing loan PCLs.

This serves to demonstrate that Royal Bank is likely taking a conservative approach — a prudent move. Royal continues to be in great shape and extremely capable of weathering the storm.

Its capital ratios are holding up strong and well above requirement minimums. After such reassuring results that look to be on the conservative side and a capital ratio showing the bank is well-capitalized, it appears that the dividend is all but guaranteed to stay intact.

Furthermore, in addition to how resilient the stock has been and how stable its dividend is, the shares are still trading well off the 52-week high.

While there is some uncertainty, and reason for it to trade at a slight discount, down 15%, the stock is a buy today.

Royal Bank is easily one of the best Dividend Aristocrats on the TSX, plus its stock yields more than 4.5%.

Bottom line

Dividend Aristocrats often represent the best and most reliable TSX stocks. However, after the COVID-19 pandemic forced several businesses to trim or suspend the dividend, the stocks that are left on the list are the best of the best.

If you are looking to buy stocks today, you can't go wrong owning these high-quality Dividend

Aristocrats.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)
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