
4 Stocks That Cut Dividends in Q1

### Description

The economic impacts of COVID-19 mitigation efforts are having widespread impacts on cash flows. Not surprisingly, this is leading to a record pace of dividend cuts and suspensions. This is a problem, as many investors rely on dividend-paying companies for income.



In the first quarter, 30 TSX-listed companies either cut or suspended dividends. Over the past week, we've taken a look at several sectors that have cut or suspended dividends. Broken down by sector, we've looked at the consumer discretionary, energy, industrial and real estate sectors. Today, we'll break down the rest of the first quarter companies.

| | Old | New | Percentage | Date |
|---|---|---|---|---|
| **Chemtrade Logistics** (TSX:CHE.UN) | $0.10 | $0.05 | 50.00% | 3/11/2020 |
| **GameHost** (TSX:GH) | $0.0575 | $0.00 | 100.00% | 3/17/2020 |
| **Swiss Water Decaf** (TSX:SWF) | $0.0625 | $0.00 | 100.00% | 3/19/2020 |
| **Diversified Royalty** (TSX:DIV) | $0.235 | $0.20 | 14.89% | 3/31/2020 |

## A materials company

Chemtrade Logistics has long been known for its attractive yield. Over the course of its history, it's continuously yielded above 5%; since late 2018, it has averaged an 8%+ yield.

Unfortunately, the company's rising yield was a function of poor performance. Chemtrade's share price lost 68.43% over the past five years. In 2020, the company's stock price is down by 42.16%, which is far underperforming the general markets.

Not surprisingly, Chemtrade cut the dividend in half, as it aims to get its yield back to more respectable levels.

# A financial company

Despite being among the worst hit, Diversified Royalty was the lone company in the financial sector to announce a dividend cut. This asset management company specializes in acquiring royalties from business and franchisees across North America.

In the first quarter, Diversified Royalty lost 48.96% of its value and is still sitting on big losses (-34.39%). In late March, it reduced the dividend by 14.89% and also suspended the dividend-reinvestment plan.

It did, however, leave the door open to pay a special dividend near the end of 2020 in the event it generates more than expected distributable cash flow.

# A consumer staples company

The consumer staples sector is among the best performing sectors in 2020. Most have been deemed essential services, and through March 31, the **S&P/TSX Capped Consumer Staples Index** only lost 7.42% of its value. In comparison, the **S&P/TSX Composite Index** lost 21.59% in the first quarter.



One company that hasn’t escaped unscathed is Swiss Water Decaf company. It is a premium green coffee company, which employs a proprietary process to decaffeinate green coffee without the use of chemicals.

Unfortunately, its share price was decimated, as it lost 60.69% in the first quarter. This led to a suspension of the dividend on March 19.

# Another consumer discretionary company

GameHost is classified as a consumer discretionary company, but it operates in a completely different industry than the restaurant stocks we covered earlier this week. GameHost owns and operates hotel and casino properties in Alberta.

Not surprisingly, the company’s business came to a grinding halt as a result of the pandemic mitigation efforts. It’s possible that no revenue or food and beverage revenue is generated in the second quarter. The suspension of the dividend came on March 17, and it was certainly a prudent move.

# Are these stocks buys today?

In my opinion, few of these companies stand out in any meaningful way. Through 2019, Chemtrade, GameHost and Swiss Water all had big negative returns (30%+) over a five-year period. Diversified Royalty managed to eke out a 13% gain, the majority of which came in 2019. This doesn’t exactly exude confidence.

Given this, these aren't companies I would rush out to buy today.

**CATEGORY**

1. Coronavirus
2. Dividend Stocks
3. Investing

**TICKERS GLOBAL**

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:DIV (Diversified Royalty Corp.)
3. TSX:GH (Gamehost)

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