



## Income Investing: Dividend Raises

### Description

For a change, dividend-growth investors have something to cheer about. There hasn't been a dividend cut in over a month, and the pace of dividend growth is starting to ramp up. Perhaps dividend stocks will once again command attention from investors.

Last week, there were two companies that raised dividends, and another re-instated a previously suspended dividend.

	Old	New	Percentage	Date
<b>Canadian Pacific Railway</b>	\$0.83	\$0.95	14.5%	07/21/2020
<b>Mullen Group</b>	\$0.00	\$0.03	N/A	07/22/2020
<b>Yamana Gold</b>	\$0.0625	\$0.07	12.00%	07/23/2020

### Gold shines

Gold stocks are quickly becoming some of the most reliable dividend stocks in the country. Now that the price of gold is soaring towards all-time highs, gold companies are generating considerable cash flows. Strong cash flows bode well for dividend growth.

On Thursday, **Yamana Gold** ([TSX:YRI](#))([NYSE:AUY](#)) became the latest in the industry to raise dividends. The 12% raise marks the third consecutive quarter in which the company raised dividends. The annual dividend has more than doubled, rising from \$0.03 per share to \$0.07 per share over this period.

Yamana has a unique approach to raising the dividend. The company aims to pay between \$50 to \$100 per gross equivalent ounce. The risk with such a strategy is that the dividend will only rise in a bull market and is likely to drop in a gold bear market.

## A new Dividend Aristocrat?

**Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)) is a former Canadian Dividend Aristocrat. After a period of operational struggles, the company has kept the dividend steady for a number of years. As such, it lost its Aristocrat status. The good news is that the company has come roaring back and is once again a reliable dividend stock.

Tuesday's 14.5% raise marks the fifth consecutive year in which the company has raised the dividend. This means that the company will join the Canadian Dividend Aristocrat list in 2021. Over the course of its streak, the company has grown the dividend by double digits.

As the second-largest railway in the country, Canadian Pacific forms an industry duopoly with **Canadian National Railway**. With a payout ratio of only 20%, investors can expect CP Rail to be one of the strongest dividend-growth stocks in the country.

## A dividend reinstated

In late March, **Mullen Group** ([TSX:MTL](#)) was one of the many companies to suspend the dividend. The pandemic created an environment of considerable uncertainty, and management found it prudent to suspend the dividend.

On Wednesday, the company reinstated the monthly dividend at a rate of \$0.03 per share. Although the dividend was 40% lower than the pre-pandemic rate, it is certainly good news for shareholders. Mullen joins **A&W Revenue Royalties Income Fund** as the only companies that [have reinstated](#) a previously suspended dividend.

This is a [positive development](#) not only for Mullen and A&W shareholders, but for income investors in general. If dividend stocks are beginning to resume payments, it is a sign that clarity is returning to the markets.

## Are these dividend stocks buys today?

Both CP Rail and Yamana Gold make excellent dividend stocks. CP Rail owns a significant moat, has a low payout ratio, and is well positioned to raise the dividend well into the future.

For its part, Yamana Gold is benefiting from a strong gold price, which should see strong support over the next few years. As for Mullen Group, the resumption of the monthly dividend is a positive development. However, Mullen provides trucking and logistics services to the oil and gas industry — an industry that faces a still uncertain future.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

## **TICKERS GLOBAL**

1. NYSE:AUY (Yamana Gold)
2. NYSE:CP (Canadian Pacific Railway)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:MTL (Mullen Group Ltd.)
5. TSX:YRI (Yamana Gold)

## **PARTNER-FEEDS**

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

## **Category**

1. Dividend Stocks
2. Investing

## **Tags**

1. Editor's Choice

## **Date**

2025/08/13

## **Date Created**

2020/07/27

## **Author**

mlitalien

default watermark

default watermark