3 High-Yield Dividend Aristocrats Selling Cheap

Description

With tons of uncertainty, it's hard to forecast which way the stock market could move. However, with Dividend Aristocrats, investors are likely to make some money, even amid volatility. A few TSX-listed companies have the financial strength to continue to pay their dividends and consistently increase it in the coming years.

However, high yields or dividends are not the only factors. These Dividend Aristocrats are also trading cheap and provide good reason to invest in them.

Pembina Pipeline

Energy infrastructure company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) offers a high dividend yield and is trading cheap compared to peers. Pembina pays dividends monthly and offers an attractive dividend yield of 7.4%.

Besides its stellar dividend yield, Pembina Pipeline stock is trading cheap compared to peers. Pembina Pipeline stock trades at a next 12-month EV/EBITDA multiple of 10.2, which is lower than **Enbridge's** and **TC Energy's** forward multiples of 11.5 and 11.6, respectively. Also, it is lower than its historical average of 11.4.

With the uptick in economic activities and positive vaccine data, the global energy demand is likely to go up and drive recovery in Pembina stock. Meanwhile, its highly contracted business generates strong fee-based cash flows that are more than enough to cover its dividends. Also, the company's standard payout ratio of 60% is sustainable in the long run, suggesting that its high yield is secure.

Canadian Utilities

Canadian Utilities (TSX:CU) stock requires no introduction when it comes to dividends. The Dividend Aristocrat has raised its dividend in the past 48 years in a row (the highest among all publicly listed Canadian companies). It is offering a high and reliable yield of 5.4%.

Canadian Utilities's high-quality earnings base continues to support its payouts. The utility company derives almost all of its earnings from the regulated utility assets or businesses backed by long-term contracts. Canadian Utilities consistently invests in regulated assets, which lays a strong foundation for future dividend payments.

Its regulated business and rate base growth are likely to continue to generate robust cash flows and support dividend growth in the coming years. Also, Canadian Utilities stock is trading cheap compared to peers and offers a good entry point at the current levels.

Canadian Utilities stock trades at a next 12-month EV/EBITDA multiple of 10.6, which is lower than **Fortis's** and **Algonquin Power & Utilities's** forward yields of 12.1 and 13.3, respectively.

Bank of Montreal

With a dividend yield of 4.4% and its stock trading at a discounted valuation, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) offers both value and income. The bank's diversified business and continued strength in its personal & commercial banking segment positions it well to benefit from the credit offtake following the uptick in economic activities.

Bank of Montreal trades at a price-to-tangible book value of 1.5, which is lower than most of its peers. In comparison, shares of **Royal Bank of Canada** and **Toronto-Dominion Bank** are trading at a price-to-tangible book value of 2.4 and 1.9, respectively.

With continued strength in its core business, strong expense management, and an expected decline in provisions for credit losses, Bank of Montreal is likely to deliver strong earnings, which should support its payouts.

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1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BMO (Bank Of Montreal)

4. TSX:CU (Canadian Utilities Limited)
5. TSX:PPL (Pembina Pipeline Corporation)

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Date
2025/07/05
Date Created
2020/11/26
Author
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