2 Dividend Aristocrats to Buy and Hold for Decades

Description

The drop in the national unemployment rate fell to 6.7% in October 2021, buoying investors' sentiment. While it was a pandemic-era low, economists agree that further gains could be a tall order. Meanwhile, people are advised to remain cautious because factors such as rising inflation and supply chain disruptions threaten the market's stability.

Income investors, especially, don't want interruptions in their income streams. However, if you have Dividend Aristocrats in your portfolio, you'd feel safer and not worry about the market noise. Canadians owning shares of **BCE** (TSX:BCE)(NYSE:BMO) and **Imperial Oil** (TSX:IMO), in particular, are unruffled.

Bank stocks don't have the monopoly of lengthy dividend track records. The two Dividend Aristocrats have paid dividends for more than a century too. Also, they've been increasing dividends every year as a reward to loyal shareholders.

Clear strategic roadmap

BCE has been gaining since three (+2.76%) and six (+11.06%) months ago. As of November 5, 2021, the year-to-date gain is 21.33%. At $63.27 per share, the dividend yield is 5.53%, the highest in the telco space.

Canada's largest communications company first paid dividends in 1881. The $57.5 billion company hasn't missed a dividend payment in 140 years. It's a Dividend Aristocrat because of the 13 consecutive annual dividend increases (5% hike yearly). While the payout ratio is high at 114.90%, it shouldn't be a concern given the high capital expenditures.

BCE invests heavily in infrastructure upgrades and is now investing in the rollout of the emergent 5G network. The industry leader generates around $22.9 billion in revenues annually, so dividend payments are safe and sustainable for years on end. Still, management targets a payout ratio of 65% to 75%.

In Q3 2021, BCE had another strong showing. Its net earnings grew 9.9% to $813 million versus Q3 2020. As expected, free cash flow went down 44.8% because capital expenditures rose 12.4%. Nonetheless, it was positive performances across all Bell operating segments, says BCE President and CEO Mirko Bibic.

Bibic said BCE has a clear strategic roadmap to build back from COVID-19’s impacts and will continue investing in growth opportunities, citing the strong demand for speed and connectivity in the impressive quarterly results.

Dividend growth streak extended

Imperial Oil is no patsy either regarding dividend sequence. The **ExxonMobil** subsidiary also has an enviable dividend track record of 14 decades. Last year was challenging for the energy industry, but because of its strong balance sheet, this $29.33 billion integrated oil and gas company endured the oil price collapse.

Some energy firms had to slash or stop dividend payments to preserve capital and protect the balance sheet. Imperial Oil was desperate to avoid resorting to such a drastic move and potentially lose its Dividend Aristocrat status. Management’s dividend hike in 2021 extends Imperial’s dividend growth streak to 27 years.

In Q3 2021, Imperial Oil’s chemical business recorded its highest quarterly income in 30 years. Notably, the net income during the quarter was $908 million compared to $3 million in Q3 2020. The next big project is the building of a renewable diesel facility.

Everlasting income

BCE and Imperial Oil are buy-and-hold Dividend Aristocrats. The companies’ dividend track records are compelling reasons to own both for everlasting income streams.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. TSX:BCE (BCE Inc.)
3. TSX:IMO (Imperial Oil Limited)

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cliew