3 Dividend Beasts With Dependable Payments

Description

Did you know that about half the TSX aristocrats offer yields of 2% or less? Even if the payouts themselves grow over time, too low a yield makes it an unprofitable investment, unless there is enough capital-appreciation potential to balance it out. If you are looking for dividend stocks that offer a reasonably high enough yield, say 4% or higher, the total pool of assets is relatively small.

But aristocrats are not the only dividend payers that offer dependable payments.

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A generous REIT

True North Commercial REIT (TSX:TNT.UN) managed to sustain its dividends all through 2020, even though the payout ratio for the year reached 181%. And in the last seven years, the payout ratio was above the 100% mark for four. If the REIT managed to maintain its dividends in these financial circumstances, the chances of cutting its dividends in the future are quite minimal.

Another layer of safety that *endorses* the notion that True North's dividends are dependable is its tenant portfolio, as about three-fourths of its tenants are government or credit-rated. The REIT is currently offering a magnificent 8% yield. And to start a $100-a-month income with this dividend beast, you would need to invest about $15,000 in the REIT.

An independent asset-management company

Fiera Capital (TSX:FSZ) has an impressive international presence and about $180 billion in assets under management. It's currently available at a 19% discount from its pre-pandemic peak, but this shouldn't be interpreted as a company's valuation that's in permanent or at least long-term decline. It's more in a state of stagnation, considering the performance of the stock in the last decade.

This makes it purely a dividend stock, and since dividends are the only way the stock is offering returns, their dependability is just as paramount as the yield. The company has maintained its payouts, despite aggressively high payout ratios, and it was even growing its dividend almost every year in the past, but the practice has stopped since 2019. It's currently offering a mouthwatering 8.2% yield.

An energy aristocrat

Even though high-yield aristocrats are relatively few, they are not exactly an "endangered" species in the market. **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), for example, is an aristocrat of nine years that is currently offering a generous 6.5% yield, which might seem a bit low compared to the other two beasts on this list but carries an even heavier punch on account of Pembina Pipeline being an aristocrat.

The dividends are also quite dependable, thanks to the business model of the company. Unlike oil producers and refineries, and some other energy company types, pipeline companies rely upon long-term contracts for revenue generation. And while these companies and their stocks are not immune to oil price fluctuations, the negative financial impact is often delayed for pipeline companies, and the dividends remain financially viable.

Foolish takeaway

The three dividend beasts combined can help you start more than $300-a-month dividend income with less than $50,000 invested in the three dividend stocks. And since this income is tied to dependable dividend-paying companies, you can augment your primary or retirement income with it with reasonable certainty and surety that it will continue.

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:FSZ (Fiera Capital Corporation)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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