$64 Question: Get Out or Stay Invested?

Description

The $64 question — an idiom that basically means the essential aspect of an issue — is very important but difficult to answer. Investors are in a bind, because the invasion of Ukraine by Russia could unsettle the stock market. Will you get out or stay invested before the TSX enters bear market territory?

Most income investors who rely on dividends stocks for extra income can still make the best of the situation. Wall Street analysts say the energy sector may not be negatively affected by the armed conflict in Eastern Europe.

The 23 dividend stocks on their buy lists include five Canadian companies. **Suncor Energy**, **Peyto Exploration & Development**, **Freehold Royalties**, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), and **TC Energy** (TSX:TRP)(NYSE:TRP) are their top picks from the TSX.

However, Pembina Pipeline and TC Energy should stand out. Both high-yield energy stocks are Dividend Aristocrats. If you're chasing after dividends, the pair should be in your portfolio.

Monthly payouts

Dividend investors love Pembina Pipeline for its generous dividend (6.07%) and monthly payouts. The frequency of dividend payments is advantageous if you're saving for the future or building retirement wealth. Your capital will compound faster, because you can reinvest the dividends 12 times a year instead of the customary four (quarterly).

Besides the high yield and monthly payouts, Pembina has raised its dividends for nine consecutive years. This $22.98 billion company has been around for 65 years and is a major player in North America's oil and gas midstream industry. Its midstream assets are not only critical and strategic but are also for the long haul.

Pembina's integrated pipeline system transports hydrocarbon liquids and natural gas products from Western Canada. In Q3 2021 (quarter ended September 30, 2021), revenue, earnings, and cash flow from operating activities grew 44%, 82%, and 110% versus Q3 2020.

The three core divisions (Pipelines, Facilities, and Marketing & New Ventures) are why earnings should be stable for years to come. Pembina's new venture group will play an important role going forward. It focuses on developing opportunities that aligns or integrates into the core businesses. Given its full slate of midstream and marketing services, the energy stock is a steal at $41.88 per share.

Multiple growth platforms

TC Energy is a top-tier income stock owing to its dividend-growth streak of 20 consecutive years. Apart from the lengthy dividend-hike record, the average annual return is 12%. At $66.58 per share (+13.2% dividend), the dividend yield is 5.41%. Management recently announced a board-approved common share dividend increase of 3.4% effective March 31, 2022.

The $64.62 billion energy infrastructure company will advance $24 billion worth of commercially secured projects in 2022. According to its president and CEO Francois Poirier, the projects will expand and extend TC Energy's asset footprint across North America.

Poirier said, "Our vision is to be the premier energy infrastructure company in North America, now and in the future." He added the long-life, critical energy infrastructure will generate significant in-corridor growth potential.

Rivals and partners

Pembina Pipeline and TC Energy's inclusion on Wall Street's buy list indicates confidence in Canada's top energy stocks. Moreover, the rivals will jointly develop the proposed Alberta Carbon Grid, a world-scale carbon transportation and sequestration system.

CATEGORY

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