Dividend Earners: Stay Invested in 2 Low-Volatility Stocks

Description

Investors' anxiety level rose a notch higher mid-week after Statistics Canada reported an annual inflation rate of 6.8% in April 2022. Besides the fresh three-decade-high reading, fears of a severe correction engulf the market. Fortunately, dividend earners who can't risk losing recurring income streams can stay invested provided they shift to low-volatility stocks as soon as possible.

People with shares of **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) and **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) aren't nervous like others. Now is a good time to rebalance your portfolio and move your money to the big bank and top-tier pipeline operator while there's time.

Both companies can overcome market storms and will keep paying dividends notwithstanding the market turbulence. CIBC pays an attractive 4.66% dividend, while Pembina yields 4.98%. Even if the share prices drop, the payouts should be safe and sustainable.

Anchor stock

Canada's fifth-largest bank is as reliable as its larger industry peers. CIBC's dividend track record is more than 100 years and boasts a dividend-growth streak of 11 years. At $69.03 per share, you're buying peace of mind, no less. During the height of COVID-19 in March 2020, the stock nosedived to $30.16 but is trading 128.88% higher today.

The recent poll of this $62 billion bank among young Canadians (ages 18 to 24) revealed that 65% are worried about coping with living expenses. Moreover, 38% of respondents listed not having enough disposable as one of the top financial concerns.

Thus, financial experts are correct in advising Canadians to invest early if finances allow. CIBC can serve as an anchor stock whether you hold it in an RRSP and TFSA. In fiscal 2021, net income grew 69.63% versus fiscal 2020. Because the bank maintains a payout ratio of 50%, the dividends won't be under threat.

Recession proof

Many dividend investors move to Pembina Pipeline to recession-proof their portfolios. Also, this energy stock pays monthly dividends, which you can incorporate in your monthly budget. Would-be investors would have the advantage of re-investing the dividends 12 times in a year instead of four or every quarter.

The $27.88 billion energy infrastructure company plays a vital role in North America's oil & gas midstream industry. In Q1 2022, revenue and earnings grew 50.69% and 36.19% versus Q1 2021. While total volume decreased 3% year over year, Pembina's cash flow from operating activities climbed 44% to $655 million.

Pembina's good news to investors is the forthcoming joint venture (JV) with KKR. The new entity from the JV combines the partners' natural gas processing assets in Western Canada. Management plans to increase dividends by 3.6% when the transaction closes in Q3 2022.

Because it anticipates higher crude oil and natural gas liquids (NGL) prices, Pembina raised its adjusted EBITDA guidance in 2022 to between $3.45 billion and 3.6 billion. Management also expects cash flow from operating activities this year to exceed dividends and Pembina's capital investment program.

As of this writing, Pembina investors enjoy a 34.35% year-to-date gain ($50.57 per share).

Rebounds from a downturn

CIBC and Pembina Pipeline are two of TSX's low-volatility stocks. The stocks aren't exempt from corrections due to headwinds like inflation and supply-chain disruptions. However, both stocks recover after every downturn.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
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cliew