



## 2 Monthly Dividend Stocks With Big Upside Potential

### Description

The stock market is finally coming off its lows, but some of the oversold dividend stocks still offer great yield with a shot at some nice capital gains.

Here are the reasons why I think **Inter Pipeline Ltd.** (TSX:IPL) and **Shaw Communications Inc.** (TSX:SJR.B) ([NYSE:SJR](#)) look attractive.

#### Inter Pipeline

Inter Pipeline transports 35% of oil sands production and 15% of western Canadian conventional oil output.

On the surface, that looks like a good name to avoid in the current market, but the company is doing quite well. In fact, Inter Pipeline recently increased its monthly dividend by more than 6% to 13 cents per share.

What's the story?

The company completed two large pipeline projects last year, and those assets are providing a nice boost to cash flow. The oil sands companies are definitely hurting, but they have deep pockets and are going to keep producing through the downturn because it is simply too expensive to shut down the plants.

This means Inter Pipeline should continue to deliver strong revenue and free cash flow.

The company also has a growing storage business in Europe that provides diversification in the revenue stream.

Inter Pipeline offers a stable dividend yield of 7.2%. When oil prices recover, this stock should move significantly higher.

## Shaw Communications

Shaw is undergoing a major transition.

The company is buying Wind Mobile in a move to compete on a level playing field with **Telus** and the other major players in the Canadian market. Shaw avoided the sector for as long as it could, but customers for its TV and Internet services also want mobile to be a part of the bundle, and Shaw has been losing subscribers as a result.

Adding the mobile division should slow the bleeding on the cable side of the business.

At the same time, Shaw is selling all of its media assets to **Corus Entertainment**. The deal will provide the funds needed to help pay for the Wind Mobile acquisition and provides a timely exit out of the content game.

Why?

Canadians will soon have the option to sign up for a basic \$25 TV package and add channels on a pick-and-pay basis. This has analysts concerned that content producers and service providers will see revenues fall under the new system.

By unloading the media business, Shaw eliminates the content risks and can focus squarely on being a more competitive service provider.

Once all of the dust clears on the two deals, I think Shaw's beaten-up stock will recover. In the meantime, investors pick up a monthly dividend that yields a solid 5%.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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