



2 Clean Energy Stocks With Yields Over 4% to Buy Now

Description

If you want exposure to the fastest-growing segment of the energy industry—clean energy—but also want the safe, reliable income of a utility, then I have found two stocks that you will be very interested in. Let's take a quick look at each, so you can determine which would fit best in your portfolio.

1. Algonquin Power & Utilities Corp.

Algonquin Power & Utilities Corp. ([TSX:AQN](#)) owns and operates a diversified portfolio of renewable electric generation and sustainable utility distribution businesses in North America. Its assets include wind, solar, hydro, and thermal power generation and distribution facilities, as well as water distribution and wastewater treatment facilities.

At today's levels, its stock trades at just 27.8 times fiscal 2016's estimated earnings per share of \$0.39 and only 17.5 times fiscal 2017's estimated earnings per share of \$0.62, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 50.

In addition, Algonquin pays a quarterly dividend of US\$0.09625 per share, or US\$0.385 per share annually, which gives its stock a yield of about 4.7% at today's levels.

It is also important for investors to make two notes.

First, Algonquin has raised its annual dividend payment for five consecutive years, and its 10% hike in May 2015 has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, the company has a long-term goal of raising its dividend by 10% annually, and I think its very strong growth in funds from operations, including its 25% year-over-year increase to \$1.15 per share in fiscal 2015, and its growing asset base will allow it to achieve this goal.

2. Altagas Ltd.

Altagas Ltd. ([TSX:ALA](#)) is a diversified energy infrastructure company with a mix of gas, power, and utilities assets, and its primary focus is to deliver clean and affordable energy to its customers. Its

assets include natural gas-fired, hydro, biomass, and wind power generation facilities, as well as natural gas pipelines, processing, and storage facilities.

At today's levels, its stock trades at just 29.7 times fiscal 2016's estimated earnings per share of \$1.09 and only 23.6 times fiscal 2017's estimated earnings per share of \$1.37, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 50.3.

In addition, Altagas pays a monthly dividend of \$0.165 per share, or \$1.98 per share annually, which gives its stock a yield of about 6.1% at today's levels.

It is also important for investors to make two notes.

First, Altagas has raised its annual dividend payment for five consecutive years, and its recent increases, including its 3.1% hike in October 2015, has it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, in its 2015 annual report, the company stated that it expects its normalized funds from operations to increase by approximately 15% in 2016, so I think this growth paired with its modest 55.4% payout ratio in fiscal 2015 will allow it to announce another dividend hike within the next few months.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

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