



2 Dividend Stocks You Shouldn't Ignore

Description

Dividend investors are constantly on the lookout for top stocks with decent yield and attractive upside potential.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) to see why they deserve to be on your radar.

Inter Pipeline

Inter Pipeline lies in the shadows of its larger peers, but the company's diversified revenue stream should get more respect.

Inter Pipeline transports 15% of western Canadian conventional oil and 35% of this country's oil sands production. It also has a natural gas extraction business and a growing liquids storage operation in Europe.

The bloodbath in the oil sector has resulted in a broad sell-off in all names connected to the energy space, but the damage looks overdone in the case of Inter Pipeline.

The company delivered great results in Q4 2015. Funds from operations rose 32% compared with the same period in 2014, and management hiked the dividend by more than 6% to 13 cents per share.

Two new pipelines went into service last year, resulting in a big jump in oils sands revenues. Across the pond, improving utilization rates are driving stronger results in the European storage business. The conventional oil group is holding its own thanks to continued growth in the Viking play. The natural gas extraction operation had a flat year-over-year performance in Q4, which was an improvement over the rest of 2015.

Bargain hunters have piled into the stock in recent weeks, but Inter Pipeline remains well below the 12-month high and should see more upside on a continued recovery in oil. Investors who buy today can still pick up a nice 5.8% yield.

Sun Life

Sun Life had a rough go during the financial crisis, but the company has fully recovered and is now squarely focused on growth.

Management sold off the risky U.S. annuities business and is moving aggressively into the asset management space in the United States with three new acquisitions. The fee-based focus is a safer way to generate revenue, and the new division complements the existing insurance and wealth management operations.

Sun Life is also expanding its Asian operations with a strong focus on India. The company recently took advantage of new regulations to expand its holding of Birla Sun Life from 26% to 49%. The business has grown steadily over the past 15 years and now has a network of more than 60,000 advisors in over 400 Indian cities. The Indian insurance market is expected to grow significantly in the coming years, and Sun Life is well positioned to benefit.

The company increased its dividend two times in 2015 for a total payout increase of 8%, and investors should see further dividend growth as new assets contribute to the revenue stream.

Sun Life currently pays a quarterly dividend of \$0.39 per share that yields 3.7%. If you want a growing financial pick without the housing and oil risks faced by some of the banks, Sun Life is a good alternative.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SLF (Sun Life Financial Inc.)

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Date

2025/08/27

Date Created

2016/04/14

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