# Dividend Investors: 2 Stocks With 6% Yields and a Shot at Some Big Long-Term Gains

## Description

The market recovery has pushed many of Canada's popular dividend stocks back up to their 12-month highs, but some names with fat dividends still look attractive.



Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **Altagas Ltd.** (TSX:ALA) to see why they are solid picks right now.

**Inter Pipeline**

Inter Pipeline transports about 15% western Canadian conventional oil production and 35% of the country's oil sands output. It also has an NGL extraction business and a liquids storage operation in Europe.

With the exception of the NGL assets, the company's portfolio is generating great results, and dividend investors are enjoying the rewards.

The company completed two major oil sands projects that went into service last year. Another is set to begin operation in the back half of 2016 and two more will be completed in 2017. As a result, funds from operations continue to grow even as the energy sector struggles.

The conventional oil assets are seeing mixed results, but the infrastructure located in the light oil Viking play is performing well and covering weakness in other parts of the sector.

In Europe, Inter Pipeline is expanding the liquids storage business through acquisitions and organic development. Utilization rates are at 98% and the group is generating record funds from operations.

Overall net income for the first quarter came in at a solid $105 million, and the company generated a 5% year-over-year gain in funds from operations.

Inter Pipeline raised its dividend in November. The current monthly payout of 13 cents per share offers a yield of 6%. As the energy sector recovers, the stock should continue to move higher.

**Altagas**

Altagas owns a diverse portfolio of energy infrastructure assets equally split between the U.S. and Canada with the majority focused on natural gas distribution and power generation.

The company has a history of successfully integrating new assets and continues to add new infrastructure through acquisitions and additional development projects.

Normalized EBITDA came in at $178 million for Q1 2016, about in line with the same period last year. The company currently expects overall normalized EBITDA growth of 20% this year and normalized funds from operations growth of 15%.

The company raised the dividend by 12% in 2015, and the current monthly payout of 16.5 cents per share yields a healthy 6.7%.

This stock flies under the radar of most infrastructure investors, but the revenue stream is reliable, and the stock could easily move 20-30% higher on renewed interest in the energy space.



**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. TSX:ALA (AltaGas Ltd.)

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