



Retirees: 2 Monthly Dividend Stocks With Attractive Upside Potential

Description

Retirees often use dividend stocks to help supplement their pensions.

Here are the reasons why I think **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Altagas Ltd.** ([TSX:ALA](#)) deserve a closer look.

Shaw

Shaw is working through a major transition, and investors have pretty much decided to take a wait-and-see approach before buying into the new strategy.

What's going on?

Shaw recently purchased Wind Mobile in a move that left many telecom analysts scratching their heads. The company had long refused to get sucked into the mobile game and even sold off some valuable spectrum it held for a number of years.

Suddenly, the company has reversed course and is entering the mobile fray.

The change in strategy appears to be driven by management's realization that Canadians prefer to get their mobile, Internet, and TV services from a single supplier.

Shaw has been losing customers to **Telus** because it doesn't offer a mobile service. With the acquisition of Wind Mobile, Shaw should be able to compete on a level playing field with the other providers.

In order to pay for the Wind Mobile deal, Shaw sold off its media assets to **Corus Entertainment**.

The transaction is important because it provides the funding necessary to build out the mobile network and removes the company's content risks at a time when Canada is switching to pick-and-pay TV subscriptions.

Shaw pays a monthly dividend with a yield of 4.7%. The stock currently trades at a discount to its

peers, but I think investors will move back into the name once the smoke clears on the transition process.

Altagas

Altagas owns a variety of energy infrastructure assets with the portfolio roughly split 50/50 between Canada and the United States.

The stock has taken a hit over the past year as investors dumped any name connected to the energy industry, but Altagas is primarily focused on natural gas distribution and power generation, so the sell-off looks a bit overdone.

The company has a strong track record of integrating new acquisitions and driving growth through organic development. Overall normalized EBITDA is expected to grow by 20% in 2016, and normalized funds from operations growth is targeted at 15%.

Management raised the dividend by 12% in 2015, and the current monthly payout of 16.5 cents per share yields 6.5%.

As the recovery continues in the energy space, this stock should start to attract more attention. For the moment, investors can still pick it up for a reasonable price.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:SJR.B (Shaw Communications)

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Author

aswalker

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