



Income Investors: Don't Miss These 2 Top Stocks With Oversized Yields

Description

In the good, old days, a retiree could rely on GICs or a savings account to generate additional income. Times have changed, and many seniors are now turning to stocks to get the yield they need to supplement their pension income.

Let's take a look at **Keg Royalties Income Fund** ([TSX:KEG.UN](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be solid picks.

The Keg

If you like a good steak, the odds are pretty good that you have spent some time in a Keg restaurant.

The company opened its first site way back in 1971 and has slowly expanded over the past 45 years to the point where 100 locations now contribute to the royalty pool.

The restaurant business can be a risky one as fads come and go and consumer tastes can change on a whim. The fact that the Keg has survived so long is a great testament to its simple but effective model: providing great food and excellent service in a fun atmosphere.

Investors have enjoyed a steady stream of rising distributions. The company hiked the payout three times in 2015 and even tossed in an extra one-time bonus distribution at the end of the year.

Management recently bumped up the distribution again, and the current payout of \$0.09 per month converts to a yield of 5.7%.

If you are a fan of the Keg, owning a bit of the company is a great way to help pay for those pricey meals.

Altagas

Altagas is an energy infrastructure business with a focus on electricity and natural gas.

This stock flies under the radar of most investors, but management is delivering solid results at a time when the broader energy sector is struggling.

Normalized EBITDA for Q2 2016 came in at a record \$153 million, up 43% compared with the same period last year. Normalized funds from operations (FFO) hit \$114 million, or \$0.75 per share compared to \$0.50 in Q2 2015. Net income rose to \$29 million in the quarter, up from \$9 million.

The gains are primarily attributed to contributions from new assets acquired at the end of last year. Altagas has a strong track record of finding strategic opportunities on both sides of the border and integrating them successfully into the asset base.

The company just raised the monthly dividend by a penny to \$0.175 per share. That's good for a yield of 6.4%.

Is one a better bet?

If you only want to buy one, I would give the edge to Altagas. The company offers a higher yield and should possess better growth opportunities. As such, the stock probably has more upside potential than the Keg in the medium term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:KEG.UN (Keg Royalties Income Fund)

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