2 Dividend Stocks I'd Buy Today With a $5,000 Windfall

Description

Once in a while investors find themselves with a bit of extra cash.

The funds might be from a bonus at work, a recent stock sale, or a decision to finally sell the old sailboat that has been sitting in the yard for the past 10 years.

Regardless of the source, one way to grow the new cash stash is to buy dividend stocks and reinvest the distributions.

Here's why I think **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) and **Altagas Ltd.** (TSX:ALA) deserve to be on your radar.

Shaw

Shaw is working its way through a major transition, and investors are taking a wait-and-see approach to the stock.

What's going on?

The company recently acquired Wind Mobile in a move to enter the smartphone game. Management hopes the deal will enable the cable operator to finally compete on a level playing field with its peers by offering full communication bundles that include TV, internet, and mobile services.

In order to pay for the Wind Mobile acquisition, Shaw sold its media assets to **Corus Entertainment**. The deal included the Global TV network, specialty channels, and the portfolio of radio stations.

Analysts have mixed feelings about the huge strategy shift, but I think it will turn out to be a wise move.

Why?

Canadians prefer to get their communications services from a single supplier. By adding a mobile business, Shaw should be able to slow down the losses on the TV side and win back some internet subscribers.

Getting out of the content space might also prove to be a smart move because Canadians now have an option of subscribing to TV channels on a pick-and-pay basis. As a result, some content owners could see revenue drop on programming that isn't very popular or only targets a niche audience.

Shaw's dividend looks safe and investors could see the stock catch up to its peers once the dust clears on the transition process.

The current yield is 4.5%.

Altagas

Altagas owns natural gas and electricity infrastructure assets in Canada and the United States.

Most of the media focus in recent times has been on the company's decision to step back from a $600 million liquefied natural gas (LNG) project in British Columbia, but investors should pay more attention to the performance of the existing business.

Despite the LNG setback, things are rolling along quite well at Altagas. Normalized EBITDA for the second quarter of 2016 was $153 million, a 43% increase over the same period last year.

Dividend growth is steady, and the company recently raised the monthly distribution to $0.175 per share. That's good for a yield of 6%.

Management has a strong track record of finding strategic acquisitions that complement the existing asset portfolio, and investors should see the trend continue.

Is one a better bet?

Both companies are attractive dividend picks that pay on a monthly basis.

At this point I would probably choose Altagas first. The stock offers a better yield and could rise significantly once the energy sector recovers.

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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