



Yield Alert: These 3 Dividend-Growth Stocks Pay More Than 5%

Description

Canadian investors are searching for the best yield they can get without taking on too much risk.

Here are the reasons why I think **Power Financial Corp.** (TSX:PWF) **Inter Pipeline Ltd.** (TSX:IPL), and **Altagas Ltd.** ([TSX:ALA](#)) are attractive picks.

Power Financial

Power Financial is a holding company with interests in Canadian financial services businesses focused on insurance and wealth management. The company also has ownership positions in some of Europe's top international companies.

The Canadian companies include insurance giant **Great-West Lifeco** and mutual fund provider **IGM Financial Inc.**

Insurance stocks should get a nice boost when the U.S. starts to increase interest rates, so there is an opportunity to get exposure to several names at once with this stock.

The mutual fund industry is certainly under some pressure, but IGM's subsidiaries are diversifying their offerings to clients, and the company managed to grow its total assets under management over the past 12 months from \$130.9 billion at the end of September 2015 to \$139.9 billion as of September 30 this year.

In Europe, Power Financial has equity stakes in global giants such as **Total**, **Pernod Ricard**, and **LafargeHolcim**.

Power Financial raised the dividend last year, so management can't be overly concerned about the revenue outlook. The current distribution yields 5.1%.

If you want a financial pick, but are worried about the banks, Power Financial is worth considering.

Inter Pipeline

Inter Pipeline operates natural gas liquids (NGL) extraction assets, oil sands infrastructure, conventional oil pipelines, and a Europe-based liquids storage business.

The diversified revenue stream has enabled the company to weather the oil storm very well, and all four of the company's business segments delivered Q2 year-over-year gains in funds from operations.

The company recently agreed to purchase additional NGL assets from **The Williams Companies** for \$1.35 billion. The deal is at a significant discount to the construction cost of the infrastructure, so Inter Pipeline could see strong returns on the investment when the market recovers.

Inter Pipeline raised its dividend last November. The monthly payout of \$0.13 per share yields 5.7%.

Altagas

Altagas owns electricity generation and natural gas distribution assets evenly split between Canada and the United States.

The company might be best known for its decision to shelve its plans for a major liquefied natural gas (LNG) plant in British Columbia, but investors should focus on the existing assets when evaluating the business.

Altagas does a great job of finding strategic tuck-in acquisitions that complement the existing portfolio. For example, the company bought two gas-fired generation plants last year that have added incremental contracted EBITDA of \$95 million and increased cash flow by 5%.

Management recently hiked the monthly dividend to \$0.175 per share. That's good for a yield of 6.3%.

Is one a better bet?

All three stocks are attractive yield picks with distributions that look sustainable. If you only have the funds to buy one, I would go with Altagas today for the higher yield and exposure to the U.S. market.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)

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