Income Investors: 2 Dividend Stocks Yielding 6-9% to Buy for 2017

Description

The stock market rally in 2016 has wiped out most of the value plays that offer attractive dividends, but there are still a few names out there that look attractive.

Let's take a look at **Corus Entertainment Inc.** (TSX:CJR.B) and **Altagas Ltd.** (TSX:ALA) to see why they might be interesting picks.

Corus

Corus took a big hit last year as investors bailed out of the stock ahead of changes to the way Canadians order TV services.

How bad was it?

Corus traded for $25 per share in October 2014, but it went into a downward spiral that ended in February of this year and traded close to $9 per share.

What happened?

Coming into 2016, the fears were probably warranted as Canada was about to put a pick-and-pay system in place that was designed to dismantle the previous bundles that consumers had to buy from the cable and satellite TV providers.

A large part of the Corus content was targeted at kids, so there was a risk the company's channels wouldn't be picked up by as many subscribers under the new rules.

Realizing it might be in trouble, Corus struck a deal to buy Shaw Media from **Shaw Communications**. The purchase suddenly solved the niche-market problem and put Corus in control of about 35% of the English content viewed in Canada.

The new pick-and-pay system went into effect in March, and Corus closed the Shaw Media deal shortly after.

Time will tell if the new rules will make much of a difference in the Canadian TV sector. For the moment, Corus is generating enough free cash flow to pay the juicy 9% dividend, and the market appears to be more comfortable with the company's position in the industry. At the time of writing, Corus trades for $12.50 per share.

Altagas

Altagas owns energy infrastructure businesses in the power, gas, and utility segments. Half of the assets are located in the United States, so the company gives Canadian investors a chance to get some solid U.S. exposure.

Altagas generated impressive Q3 2016 numbers as new assets helped boost cash flow. Normalized EBITDA jumping 41% compared to the same period last year. Funds from operations (FFO) rose from $0.75 per share in Q3 2015 to $0.84.

Moving forward, investors should see the good times continue. The Townsend gas-processing facility began commercial operations in Q3, and an expansion at the site is expected to go into service near the end of 2017.

Altagas also has the North Pine LNG project under way, which should begin generating revenue in the first part of 2018.

Management recently raised the monthly dividend to $0.175 per share. At the current price, investors can pick up a reliable 6.2% yield.

Is one more attractive?

Both stocks pay attractive dividends that should be sustainable based on current cash flow levels.

If you are simply chasing the higher yield, go with Corus. If you want a nice mix of high yield and strong growth potential, I would make Altagas the first choice.

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2. TSX:CJR.B (Corus Entertainment Inc.)

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