

2 Dividend Stocks With 6% and 8.5% Yields to Buy in January

Description

Canadian investors are searching for top dividend stocks to add to their income portfolios for 2017.

Let's take a look at **TransAlta Renewables Inc.** ([TSX:RNW](#)) and **Corus Entertainment Inc.** ([TSX:CJR.B](#)) to see why they might be attractive picks right now.

TransAlta Renewables

TransAlta Renewables owns and operates renewable power-generation facilities in the wind, hydro, and gas sectors with assets located in Canada and Australia.

The company is majority-owned by **TransAlta Corporation**, and serves as a drop-down vehicle for TransAlta's renewable power-generation assets. The business also has the potential to grow through organic developments and strategic acquisitions.

One development to watch is the new South Hedland gas-fired power-generation facility in Australia. The project is on budget and on schedule with start-up expected in mid-2017.

Third-quarter 2016 results came in quite strong as new assets and improved performance from the Canadian wind operations pushed year-over-year Q3 EBITDA up \$24 million to \$83 million. Cash available for distributions rose from \$28 million in Q3 2015 to \$55 million.

TransAlta Renewables pays its dividends monthly and currently offers investors a 6.2% yield.

Corus

Corus took a big hit over the past couple of years, as investors feared the company would get left out in the cold by the new pick-and-pay rules for TV subscriptions in Canada.

Why?

Corus had traditionally negotiated deals to have its kid-focused content included in large TV subscription packages offered by the service providers.

Under the new rules, investors worried that Canadian TV viewers might not pick up the niche-focused content once they had the opportunity to customize their packages.

With the clock ticking, management made a strategic move early last year that probably saved the company.

What happened?

Corus purchased Shaw Media from **Shaw Communications** in a deal that gave Corus control of

roughly 35% of the English TV content viewed in Canada. With the addition of the Shaw Media assets, Corus now has its own TV network and a broad range of content that appeals to viewers of all ages and media tastes. The deal closed at the beginning of April 2016 shortly after the new subscription rules went into effect.

The pick-and-pay system is less than a year old, so investors are still taking a cautious approach, but Corus appears to be holding its own, and free cash flow remains more than adequate to cover the dividend.

The stock has picked up a tailwind over the past two months, but investors who buy today can still collect a yield of 8.5%.

Is one a better bet?

Both stocks offer attractive payouts for income-focused investors.

If you want the safer pick, go with TransAlta Renewables. If you want the highest yield and are willing to take on some additional risk, Corus might be the more appealing choice today.

CATEGORY

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1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:RNW (TransAlta Renewables)

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