

Double Your Money With Dividend Stocks

Description

Invest in stable companies that offer generous and safe dividends, and you'll be set for life. If you earn a portfolio yield of 6%, you can double your money in 12 years without accounting for potential price appreciation.

This means that the sooner you start investing, the more cash you can earn via dividends.

Here are a couple of stable companies that yield more than 6% today: **Altagas Ltd.** ([TSX:ALA](#)) and **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Altagas

Altagas builds, owns, and operates a diversified portfolio of energy infrastructure. It generates roughly an equal amount of earnings before interest, taxes, depreciation, and amortization (EBITDA) from Canada and the United States.

This year, management estimates that only 4% of its EBITDA will have commodity exposure. This means the company's earnings are pretty predictable.

Furthermore, the company has power, gas distribution, and midstream assets that are largely contracted or regulated. This means it has the ability to generate stable cash flows to support a safe dividend.

Indeed, its funds from operations (FFO) are more than enough to cover its annual payout of \$2.10 per share. Its 2017 FFO payout ratio is estimated to be about 61%.

Across all its business segments, Altagas has \$2.6-2.9 billion of investments that are either under construction or in development. In the long run, the company aims to maintain a well-balanced, diversified portfolio and earn about a third of its normalized EBITDA from each of its business segments.

Recently, Altagas shares have been under pressure as the company is working on acquiring **WGL Holdings Inc.** ([NYSE:WGL](#)), a high-quality utility with regulated gas utilities that fit with Altagas's strategy. If Altagas acquires WGL successfully, management aims to hike its dividend by at least 8% per year through 2021.

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Brookfield Renewable

Brookfield Renewable is one of the biggest global pure-play renewable businesses that retail investors can get access to.

It has \$25 billion of power assets across 260 power-generating facilities in 15 markets in seven countries.

Its portfolio, which consists of 88% hydroelectric generation and 11% wind generation, has an installed capacity of 10,700 MW. It generates 65% of its cash flows from North America, 15% from Brazil, 15% from Colombia, and 5% from Europe.

Since Brookfield Renewable generates 91% of contracted cash flows with inflation-linked escalations, its cash flows are quite stable.

In fact, the company has a track record of hiking its distribution and aims to continue increasing it by at least 5% per year.

The company has about 150 MW of hydro and wind projects that are largely expected to come online this year, at which time they'll start generating cash flows.

Investor takeaway

At less than \$31 per share, Altagas yields 6.8%. At about \$38.50 per share, Brookfield Renewable yields 6.5%.

In other words, today's buyers can double their money with dividends alone in about 11 years. Throwing in the dividend growth, it's more likely that buyers today can double their money in about seven years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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Author
kayng

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