

Like Big Yield? Then You'll Love These +6% Dividends

Description

It isn't just income investors who go gaga for a big yield.

Anybody can benefit from the kind of passive income high-yield stocks spin off. A dividend of at least 6% generates a steady compounding stream that can either be spent, saved, or reinvested. It can be the beginning of the compounding process — one of the most important parts of investing.

There's just one problem: not every high dividend is created equal. Some payouts are solid. Others aren't. A dividend cut not only reduces an investor's income, but it can also lead to a capital loss, which can be devastating.

Here are three stocks with high — yet secure — dividends.

Altagas

Altagas Ltd. ([TSX:ALA](#)) recently made headlines for agreeing to acquire **WGL Holdings**, a natural gas utility serving Virginia, Maryland, and the district of Columbia. The deal likely won't close until early 2018 because of regulatory delays.

Altagas shares fell when the deal was announced. Some investors were concerned that the number of new shares proposed to be issued would put the dividend at risk. The company disagrees with that conclusion, saying that it actually plans to increase the payout once it acquires WGL to the tune of 8-10% per year through 2021.

The company also has an enviable history of giving investors steady raises. In 2010, it paid investors \$1.32 per share as an annual dividend. These days the payout is \$2.10 per share with a payout ratio under 60% of adjusted funds from operations. You won't find many lower payout ratios for a company yielding 6.8% today.

Artis

Artis Real Estate Investment Trust ([TSX:AX.UN](#)) is another cheap stock that pays a terrific distribution.

The Winnipeg-based REIT has a diverse portfolio of 246 different retail, office, and industrial properties stretched across five Canadian provinces and four U.S. states. This diversification into the U.S. has benefited the company as the Canadian dollar has weakened.

Investors are temporarily avoiding Artis because of its exposure to the Albertan market. Close to one-third of its assets are located in the province. But results aren't showing any real slowdown. Artis generated \$1.55 per share in funds from operations in 2016 — a slight improvement over 2015. That puts the company's shares at just 8.5 times that metric, which is incredibly cheap.

Artis shares aren't just cheap on a price-to-funds-from-operations metric, either. Book value is \$2.6 billion, while the company has a market cap of just \$2 billion.

It all translates into a stock that has a solid 8.1% dividend. You won't find many companies with a payout that high that can offer Artis's stability.

Just Energy

Just Energy Group Inc. (TSX:JE)(NYSE:JE) is a free cash flow machine that doesn't get the respect it deserves.

You're probably familiar with Just Energy from its reps knocking on your door, usually during dinner. I'm the first to admit that's incredibly annoying. But the company's reps offer a valuable service to some homeowners. The ability to lock in prices hasn't been very popular of late because they're going down, not up.

The sales pitch is far more successful to commercial customers, who tend to be much heavier users. Approximately 60% of the company's client base are businesses.

Just Energy still has plenty of expansion potential too. It still has areas around the United States to expand into. It has barely cracked the surface in the U.K. and just acquired a company in Germany. It has also identified Mexico and Japan as potential targets.

In the last year, Just Energy has delivered \$181 million in free cash flow while paying out approximately \$75 million in dividends. Shares currently yield 6.1%.

The bottom line

Dividends from Just Energy, Artis REIT, and Altagas are as solid as you'll find in today's environment. If you're looking for steady income options, they're a good place to start your search.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:AX.UN (Artis Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/09/11

Date Created

2017/03/20

Author

nelsonpsmith

default watermark

default watermark