Dividend Investors: 2 Top Energy Stocks to Buy in May

Description

Buying and holding dividend stocks is the most powerful way to ratchet up the long-term returns of your portfolio. With this in mind, let's take a look at two top dividend stocks from the energy sector that you could add to your portfolio today.

Altagas Ltd.

Altagas Ltd. (TSX:ALA) is one of North America's largest energy infrastructure companies with a focus on natural gas, power, and regulated utilities. Its assets include natural gas-gathering and processing plants, natural gas pipelines, wind, hydro, biomass, and natural gas-fired power-generation facilities, and five regulated gas-distribution franchises.

Altagas currently pays a monthly dividend of $0.175 per share, equal to $2.10 per share on an annualized basis, and this gives it a yield of about 6.9% today.

On top of being a bonafide high yielder, Altagas is a dividend-growth star. It has raised its annual dividend payment for six consecutive years, including a compound annual growth rate of about 8% in that span, and its 6.1% hike in August 2016 has it on pace for 2017 to mark the seventh consecutive year with an increase.

Altagas is a top pick for dividend growth going forward too. It has a dividend-growth target of 8-10% annually through 2021, and I think its very strong growth of normalized funds from operations (NFFO), including its 12.2% year-over-year increase to $1.01 per share in the first quarter of 2017, and its "transformational" acquisition of **WGL Holdings Inc.**, which is expected to close in the second quarter of 2018 and immediately be accretive to its earnings and NFFO, will allow it to achieve this growth target and extend it into the late 2020s.

Canadian Utilities Limited

Canadian Utilities Limited (TSX:CU), a subsidiary of **ATCO Ltd.**, is a diversified global corporation that provides services and solutions in the electricity, pipelines and liquids, retail energy, and structures and logistics industries.

It currently pays a quarterly dividend of $0.3575 per share, equal to $1.43 per share on an annualized basis, which gives it a yield of about 3.6% today.

In addition to having a high yield, Canadian Utilities has the longest active streak of annual dividend increases for a public corporation in Canada. It has raised its annual dividend payment for an incredibly impressive 44 consecutive years, including a compound annual growth rate of about 10% since 2010, and its 10% hike in January has it positioned for 2017 to mark the 45th consecutive year with an increase.

I think Canadian Utilities will continue to be Canada's dividend-growth king in the years ahead too. I think its strong financial performance, including its 9.1% year-over-year increase in adjusted earnings to a record $215 million in the first quarter of 2017, and its continued investments in capital growth projects that will fuel future growth, including its $285 million in investments in the first quarter and the $5 billion it plans to invest from 2017 to 2019, will allow its streak of annual dividend increases to continue for decades.

Which of these dividend stars should you buy in May?

I think Altagas and Canadian Utilities represent phenomenal long-term investment opportunities, so take a closer look at each and strongly consider adding one of them to your portfolio today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/26

Date Created
2017/05/02
Author
jsolitro