Dividend Investors: 2 Attractive Stocks Yielding 5-7%

Description

Investors are constantly searching for reliable stocks that offer above-average yield.

Let's take a look at **Power Financial Corp.** (TSX:PWF) and **Altagas Ltd.** (TSX:ALA) to see why they might be interesting picks.

Power Financial

Power Financial is a diversified management and holding company with operations in the financial services sector in Canada, the United States, and Europe.

The company has ownership positions in **Great-West Lifeco Inc.**, **IGM Financial Inc.** (TSX:IGM), and European holding company **Pargesa**. It is also an investor in a number of FinTech businesses with a focus on the robo-advisor segment.

Power Financial just reported solid numbers for Q1 2017. Adjusted net earnings came in at $501 million, or $0.70 per share, compared to $476 million, or $0.67 per share, in the same period last year.

The stock pays a quarterly dividend of $0.4125 per share for a yield of 5%.

Critics say the exposure to IGM creates risks, as IGM's mutual fund operations face heavy competition from ETFs and robo advisors.

IGM's Q1 2017 earnings came in at $0.74 per share compared to $0.69 per share last year, so the company is holding its own in the rapidly changing industry.

Altagas

Altagas is an energy infrastructure company with businesses in the utility, power, and gas segments located in Canada and the United States.

Management has a strong track record of growing the company through strategic acquisitions and organic developments, and that trend continues.

Altagas is in the process of acquiring U.S.-based **WGL Holdings** for $8.4 billion. The deal is expected to close in the first half of 2018.

The company is also building a natural gas storage facility in Nova Scotia and has gas liquids projects underway in British Columbia, including a propane export terminal in Prince Rupert and the expansion of the Townsend gas-processing facilities.

In addition, Altagas opened its Pomona Energy Storage Facility in California last year. The site is a battery storage operation that can provide 20 MW of capacity for a continuous four-hour period.

Altagas believes the addition of the new assets should drive enough cash flow growth to support dividend hikes of at least 8% per year through 2021.

The stock pays a monthly dividend of $0.175 per share for a yield of 6.8%.

Is one more attractive?

Both stocks are solid dividend picks with reliable above-average yields.

At this point, Altagas likely offers better dividend-growth prospects over the medium term, so I would lean toward the energy infrastructure company as the first choice today.

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