

## Are 2 High-Yield Canadian Dividend Stocks Now Oversold?

### Description

Income investors are searching for top-quality names to add to their portfolios.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see if they might be attractive contrarian dividend picks right now.

#### IPL

IPL owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

The balanced revenue stream has helped the company navigate through the oil rout in pretty good shape, and management has taken advantage of the tough times to add strategic assets at favourable prices.

For example, IPL purchased two NGL extraction facilities and related infrastructure from **The Williams Companies** last year at a significant discount to the cost of building the assets.

As the market improves, IPL should see strong returns on the investment.

IPL also has \$3 billion in development projects under consideration that would boost revenue and cash flow over the medium term.

The company has raised the dividend in each of the past four years and reported a Q1 2017 payout ratio of 61%.

IPL's stock price is down more than 15% in 2017. As a result, investors can now pick up a yield of 6.5%.

#### BCE

BCE recently closed its acquisition of Manitoba Telecom Services in a deal that launches BCE to the top spot in the Manitoban market and gives the communications giant a solid base to expand its presence in the western provinces.

BCE's stock price is down more than 5% in the past two months as investors fret about rising interest rates.

Higher rates boost the returns on GICs, which can compete with dividend stocks for capital.

If interest rates rise faster than expected, more downside could be on the way, but there is a chance the market is getting ahead of itself.

BCE generates significant free cash flow to support the dividend and has the power to raise its service fees whenever it needs to boost margins.

The company has a dominant position in the Canadian communications market with media and network infrastructure assets that are unmatched in the country.

In fact, any time a Canadian makes a call, checks e-mail, listens to the radio, streams a movie, downloads a song, or watches the news, the odds are pretty good that BCE is involved in the process somewhere along the line.

Critics say the stock is still expensive when compared to international peers. That might be the case, but the Canadian market is somewhat unique, given the limited competition.

Investors looking for a rock-solid dividend stock that now yields 5% might want to start nibbling on BCE.

### **Is one a better bet?**

Both stocks offer dividends that should be safe.

If you can handle the extra volatility, IPL offers a better yield and strong potential upside once the energy sector recovers.

If you prefer a more conservative pick, BCE might be the way to go today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Dividend Stocks
2. Investing

### **Date**

2025/08/26

### **Date Created**

2017/07/14

---

**Author**  
aswalker

default watermark

default watermark