

3 Canadian Income Stocks Yielding 6.5-8%

Description

Income investors are searching for above-average dividends to help put a bit of extra cash in their pockets each month.

Let's take a look at **TransAlta Renewables** ([TSX:RNW](#)), **Altagas Ltd.** ([TSX:ALA](#)), and **Corus Entertainment Inc.** ([TSX:CJR.B](#)) to see if they are attractive right now.

TransAlta Renewables

TransAlta Renewables owns wind, hydroelectric, and gas-fired power-generation assets.

The company gets most of its revenue from highly contracted assets and continues to add new facilities to boost cash flow.

For example, the South Hedland gas-fired plant in Australia recently began commercial operation. TransAlta Renewables expects the facility to contribute an additional \$80 million in EBITDA per year from its 25-year power-purchase agreements.

Management just raised the monthly dividend by about 7%.

At the time of writing, the distribution provides an annualized yield of 6.6%.

Altagas

Altagas owns gas, power, and utility businesses in Canada and the United States.

The company has grown over the years through a mix of organic developments and strategic acquisitions, and that trend continues today.

Altagas is expanding its Townsend facility and building a propane export terminal in British Columbia.

The company is also in the process of acquiring Washington D.C.-based **WGL Holdings** in a deal valued at \$8.4 billion.

As the new assets are integrated into the portfolio, Altagas expects cash flow to increase enough to support dividend growth of at least 8% per year through 2021.

The current monthly payout of \$0.175 per share provides an annualized yield of 7.6%.

Corus

Corus bought Shaw Media from **Shaw Communications** last year in deal that gave the television content company the necessary scale and diversification to compete with its larger peers in a rapidly changing industry.

In fact, Corus now controls about a third of the English language TV market in Canada.

Investors are still waiting to see how the company will fare over the long haul in the new age of pick-and-pay TV packages in the Canadian market, but Corus appears to be holding its own a little more than a year into the new system.

The stock has recovered some lost ground through 2017, but it's still a long way off the former highs.

At the time of writing, the stock provides an 8.25% yield.

Is one more attractive?

TransAlta Renewables is probably the safest bet of the three stocks.

If you can handle a bit of extra volatility, I would probably make Altagas the first pick. The stock likely offers the best upside potential for both dividend growth and capital appreciation.

Corus provides the highest yield right now, but there isn't much hope for dividend growth in the near term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:RNW (TransAlta Renewables)

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