



## 2 High-Yield Canadian Stocks for Your Watch List

### Description

Canadian investors have a lot of choices when it comes to stocks with above-average yields.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks right now.

#### Enbridge

Enbridge closed its \$37 billion purchase of Spectra Energy earlier this year in a deal that created North America's largest energy infrastructure company.

Spectra added strategic gas assets to complement Enbridge's heavy focus on liquids pipelines and also came with a nice portfolio of projects in the works.

Enbridge now has about \$31 billion in secured capital developments on the go to keep it busy through 2020. As the new assets are completed and go into service, the company expects to see cash flow grow enough to support annual dividend increases of 10-12% through 2024.

The share price has been under pressure amid the broader downturn in the energy sector, but Enbridge isn't an oil or gas producer. It simply moves the product from the point of production to the end user. As such, the swings in commodity prices have a limited direct impact on the company's revenue.

At the time of writing, the stock pays a quarterly distribution of \$0.61 per share for an annualized yield of 5%.

#### Altagas

Altagas owns gas, power, and utility assets in Canada and the United States. To a certain extent, it is a small version of Enbridge.

The company is growing through a combination of organic developments and strategic acquisitions,

including new projects being built in British Columbia, and the purchase of Washington D.C.-based WGL Holdings.

The stock is down on concerns that Altagas might not get the price it wants for some of the non-core assets it plans to sell to help cover the WGL acquisition.

The overall weakness in the energy sector is also a factor.

Altagas says it wants to raise its dividend by at least 8% per year through 2019 once the WGL deal closes. The current monthly payout of \$0.175 per share translates into an annualized yield of 7.6%.

At this point, the stock might be getting a bit oversold.

### **Is one more attractive?**

More downside could be on the way for both names if oil prices take another nosedive, so I wouldn't back up the truck for either one, but the long-term outlook for these stocks should be attractive.

Investors who can handle a bit of added risk might want to start nibbling on Altagas.

If you prefer a safer bet and want to own the industry leader, Enbridge is probably the better way to go today.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:ENB (Enbridge Inc.)

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### **Date**

2025/08/24

### **Date Created**

2017/09/13

**Author**  
aswalker

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