



3 Unknown High-Yield Growth Stocks That Could Take Off

Description

Once in a while, investors get a chance to pick up stocks that provide high yield AND a shot at some big capital gains.

Let's take a look at **Russel Metals Inc.** ([TSX:RUS](#)), **Inter Pipeline Ltd.** (TSX:IPL), and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks today.

Russel Metals

Russel Metals operates businesses in three segments of the North American steel industry: metals service centres, steel distributors, and energy products.

The company made a big move into the energy sector just before oil prices tanked, and the stock took a hit through the back half of 2014 and all through 2015 as a result.

Investors who got in at the low, however, have chalked up some impressive gains, and more upside could be on the way.

Why?

The energy sector is recovering, and President Trump's planned tax cuts and infrastructure program could jump-start the U.S. economy. This should provide additional support for the recovery in Russel Metals.

Management maintained the dividend through the downturn, which means contrarians who'd bought near the low are looking at some nice returns. The stock is not as cheap as it was in early 2016, but investors who get in today can still pick up a 5.5% yield.

IPL

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

The company has continued to raise its dividend during the oil rout, and management has taken advantage of the tough times to acquire strategic assets at attractive prices.

IPL is also evaluating \$3 billion in organic development projects that could boost revenue and cash flow in the next few years.

The stock has already bounced off the 2017 lows, but additional gains should be on the way if oil prices extend their recovery.

IPL pays its dividend monthly. The current distribution provides an annualized yield of 6.2%.

Altagas

Altagas owns power, utility, and gas assets in Canada and the United States. The company is growing through a combination of organic developments and strategic acquisitions.

The stock is down this year on concerns about the company's \$8.4 billion purchase of Washington D.C.-based WGL Holdings. Investors are wondering if Altagas will be able to sell some non-core assets at decent prices to help pay for the acquisition.

Altagas expects to close the WGL deal next year and is forecasting dividend growth of at least 8% per year through 2021 after the new assets are fully integrated into the portfolio.

The stock currently provides a yield of 7.5%.

Is one a better bet?

All three dividends should be safe, and each stock has the potential to move significantly higher in the next few years.

At this point, I would probably make Altagas the first choice, but an equal investment in all three would reduce risk and provide an average yield of better than 6%.

CATEGORY

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2. Investing

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