



## 2 Rising Dividend Stocks That Could Continue to Soar

### Description

Income investors are always searching for quality stocks with above-average yields.

Once in a while, [these stocks get oversold](#), and savvy dividend investors can pick up attractive distributions with a shot at some nice capital gains to boot.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting 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 company has weathered the oil rout in good shape. In fact, IPL has raised the dividend in each of the past three years.

Management is taking advantage of the downturn to add strategic assets at attractive prices, including last year's \$1.35 billion deal to buy two NGL extraction facilities and related infrastructure from The Williams Companies.

The deal was done at a large discount to the cost of building the plants, so IPL could see strong returns on the investment when the market recovers.

In addition, IPL has \$3 billion in organic projects under consideration that could provide a nice boost to cash flow in the coming years.

The company reported a Q2 2017 payout ratio of 72.9%, so the existing distribution should be safe. At the time of writing, the monthly dividend of \$0.135 per share provides an annualized yield of 6.25%.

The stock is up 15% in the past two months, and more gains could be on the way if oil prices continue to recover.

## Altagas

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

The stock is down this year amid concerns the company might be biting off more than it can chew with its \$8.4 billion acquisition of Washington, D.C.-based **WGL Holdings**.

The deal is expected to close next year, and Altagas is forecasting annual dividend growth of at least 8% from 2019 to 2021 once the new assets are integrated into the portfolio.

In order to cover part of the financing costs for the acquisition, Altagas plans to sell some non-core assets. At this point, the market isn't convinced the company will get the deals done at the right prices.

The company's existing assets are performing well. Altagas just reported strong financial results for Q3 2017 and raised the dividend by more than 4%.

The new monthly payout of \$0.1825 per share provides an annualized yield of 7.5%.

If Altagas announces assets sales at attractive prices in the coming months, the stock could build on the recent gains it has enjoyed in the wake of the Q3 earnings release.

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