



2 High-Yield Dividend Stocks to Buy When Others Are Selling

Description

You can make a career in investing if you know the art of separating the wheat from the chaff.

The world's most successful value investor, Warren Buffett, knows this art very well. He has made his unquestionable reputation in stock picking by buying stocks when others were selling and finding a long-term value in them.

In Canada, **Enbridge Inc.** ([TSX:ENB](#)) ([NYSE:ENB](#)) and **Altagas Ltd.** ([TSX:ALA](#)) are two high-yielding dividend stocks that offer a good bargain after their double-digit losses this year. Let us find out if they are a good buy.

Enbridge

Enbridge shares are down more than 16% at the time of writing, despite the fact that this top pipeline operator has a great growth potential, and a very sustainable dividend payout.

The stock started to underperform the broader market, as the Bank of Canada reversed its monetary policy and started to raise interest rates this summer. Higher interest rates diminish the appeal of utilities, as investors move their cash to safer government bonds.

Another negative influence on the value of Enbridge stock comes from the uncertainty of the company's future dividend growth. At the time of its Spectra Energy acquisition last year, Enbridge announced its plan to target 10-12% growth in its payout, as the combined entity was forecast to produce more cash.

But in its latest earning report, Enbridge failed to reiterate that guidance on dividends, causing panic among investors who were expecting dividend hikes in the days to come.

But despite these concerns, I think [Enbridge's long-term value](#) remains intact. It operates the world's longest crude oil and liquids transportation system. The company is a leader in gathering, transportation, processing, and storage of natural gas in North America, serving about 3.5 million retail customers in Ontario, Quebec, New Brunswick, and New York State.

Enbridge's valuation has become attractive after a 16% drop in its share price this year. I think it is a good bargain for long-term investors with a dividend yield of more than 5%.

Altagas

Altagas is [another value stock](#) that has been under pressure this year, having fallen 13% at the time of writing. With a dividend yield of 7.4%, it has become the highest-yielding Canadian utility stock.

The factors scaring investors away from Altagas stock are related to the company's planned acquisition of the U.S.-based **WGL Holdings**. To many analysts, this \$8.4 billion acquisition doesn't make sense; analysts thought this transaction would increase the company's debt load and dilute the existing shareholdings.

Altagas plans to fund the WGL deal with the proceeds from its \$2.6 billion subscription receipts, US\$3 billion available under a fully committed bridge facility, and the rest from the sale of some of its assets.

I think this pullback is temporary, as Altagas will be able to fetch a good price for its assets, especially when oil prices have started to surge. For long-term income investors, this is a good time to lock in this hefty 7.4% dividend yield.

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