



2 Attractive Dividend Stocks for Your Holiday Shopping List

Description

While you're doing holiday shopping for family and friends, don't forget to shop for yourself, too — that is, shop for dividends.

If you buy undervalued dividend-growth stocks, you can earn growing passive income from dividends, which you can use to buy more gifts in the future. Here are a couple of attractive stocks for you to consider.

Get a 7.5% yield from Altagas

At first glance, **Altagas Ltd.** ([TSX:ALA](#)) seems like a [compelling income investment](#). It offers a whopping ~7.5% yield! After digging deeper, you'll find it even more attractive, because it has been growing its dividend as well.

Altagas generates largely stable cash flows from its gas utility, midstream, and contracted power assets to support its dividend. Since Altagas converted from an income trust to a dividend-paying corporation in July 2010, the company has increased its dividend by nearly 66%, or an annualized rate of ~7.2%.

Altagas has been working on acquiring **WGL Holdings**, which is primarily a regulated gas utility in the U.S. Management estimates that the transaction will close in the first half of 2018. As a part of the process, Altagas has pushed out subscription receipts (which will turn into Altagas common shares if it acquires WGL successfully) and has been selling some assets. With potential dilution and increased uncertainty, Altagas stock is trading ~13% lower year to date.

That said, Altagas believes the acquisition will be accretive, and that the combined company's \$5 billion secured growth program and \$2 billion of additional opportunities will allow it to grow its dividend by 8-10% per year from 2019 to 2021.

What if Altagas fails to acquire WGL? Then it will likely grow its dividend at a slower pace.



Get a 5.5% yield from Enbridge

After completing [a strategic plan](#), **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) hiked its dividend by 10%. Enbridge will begin paying the greater quarterly dividend of \$0.671 per share in the first quarter of 2018.

Although Enbridge has recovered ~10% from a recent low of ~\$44 per share, the stock is still ~16% below its 52-week high. As of Friday's market close of ~\$48.60 per share, Enbridge's forward yield is ~5.5%, which, historically, has been a very attractive yield to buy Enbridge at.

This year is Enbridge's 22nd year of consecutive dividend growth. Its growing dividend should give support for its stock price. Under normal market conditions, the 5.5% yield is a pretty strong floor.

It's going to take some time for Enbridge to absorb the transformative Spectra Energy merger. That's part of the reason why the stock is depressed. Enbridge is trading at a discount today, assuming the stock recovers from the dilution in time.

Investor takeaway

While you buy gifts for others during this holiday season, don't forget to invest for yourself as well. Consider attractive dividend stocks such as Altagas and Enbridge for income now and in the future.

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