



TFSA Investors: A High-Yield Dividend Stock for Your 2018 Shopping List

Description

As 2018 approaches, investors should start considering the best dividend stocks available in the market — stocks that offer high yields and stability to your Tax-Free Saving Accounts (TFSA).

In the high-yield space, we have some quality names that have been hit hard this year. But the pullback in their share prices does not diminish their long-term value and the ability to produce powerful returns for their investors.

The Canadian economy looks healthy with strong job gains, expanding growth, and increasing business investments. This coupled with better corporate earnings should produce good total returns for your TFSA if you pick your stocks with due diligence.

Here is one [high-yielding dividend stock](#) you can consider for your 2018 shopping list.

Altagas

Altagas Ltd. (TSX:ALA) is one of the highest-yielding dividend stocks in the Canadian energy space. Its 7.49% annual dividend yield is more than twice the size of the return you can earn from relatively less-risky investments, such as Canadian banks and telecom operators.

But when a company offers a higher-than-average return, investors face a higher degree of risk. For Altagas investors, the biggest uncertainty is regarding the company's planned \$8.4 billion acquisition of the U.S.-based **WGL Holdings**.

The next year is crucial for this company to complete this transaction, which is a huge undertaking for the company with a total asset base of \$10 billion. In its third quarter, Altagas has tried to [calm nervous investors](#) by outlining its funding plan to close this transaction next year.

According to that plan, Altagas will finance the WGL deal with the proceeds from its \$2.6 billion subscription receipts, US\$3 billion from a bridge loan, and the rest from the sale of its assets.

Oil prices are trading near two-year highs after OPEC nations and other top producers agreed to

extend output cuts into 2018. This rally in oil prices is good news for companies such as Altagas that are in the market to fetch higher prices for their assets.

Altagas's stock performance in the past couple of months also suggests that investors are becoming less concerned about the WGL acquisition. Trading at \$29.23 at the time of writing, Altagas shares have gained 6% during the past three months, shedding some of the losses they suffered in 2017.

The bottom line

Altagas pays a monthly dividend, which the company raised by 4.3% from this month to \$2.19 a share on yearly basis. I think Altagas offers a good risk/reward equation for investors with more appetite for earning a greater return in 2018.

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