2 Canadian Dividend Stocks to Consider as the Market Hits New Highs

Description

Stock markets continue to hit new record highs, and investors are wondering where they can find good deals to add to their portfolios.

Let's take a look at **Altagas Ltd.** (TSX:ALA) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks.

Altagas

Altagas owns power, utility, and gas businesses in Canada and the United States. The company has grown through a combination of organic developments and strategic acquisitions, and that trend continues.

Altagas recently completed the expansion of its Townsend gas-processing facility under budget and is making good progress on the North Pine NGL project and the Ridley Island propane export terminal.

In addition, the company is working its way through the purchase of Washington D.C.-based WGL Holdings. The $8.4 billion deal has caused some concern among investors who are wondering if Altagas will find buyers for some non-core assets that are being sold to help pay for the takeover.

The fear might be misplaced.

Management expects the deal to close next year and is targeting annual dividend growth of at least 8% for 2019-2021. Altagas reported strong Q3 2017 results from the existing assets and increased the dividend by more than 4%.

At the time of writing, investors can pick up a yield of 7.5%.

Enbridge

Enbridge has also been under pressure this year, but the sell-off might be overdone.

The company closed its $37 billion purchase of Spectra Energy in early 2017, creating North America's largest energy infrastructure company.

Spectra added important gas assets and provided a nice boost to the capital program. Enbridge has $31 billion in medium-term projects on the go, of which $22 billion should be completed through 2020. As the new assets are completed and go into service, Enbridge expects to boost the dividend by 10% per year.

The company just raised the payout by 10% for 2018, and that comes on the heels of a 15% increase this year.

Management has announced plans to sell $10 billion in non-core assets, as the company shifts its focus to regulated businesses. The first $3 billion will go on the market next year.

Enbridge intends to use the proceeds to reduce debt and strengthen the balance sheet. This should give investors more confidence to own the stock.

Investors who'd jumped in a few weeks ago at $44 are already looking at some nice gains, but Enbridge still looks oversold, even at the current price of $49.50 per share.

The stock yields 5.4%.

The bottom line

Deals can still be found in the current market, and oversold dividend-growth stocks can be attractive picks for new additions to the portfolio.

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