Income Investors: 2 High-Yield Stocks That Recently Raised Their Payouts

Description

Income investors are searching for top dividend stocks and REITs to provide decent returns on their hard-earned savings.

Let's take a look **Altagas Ltd.** (TSX:ALA) and **RioCan Real Estate Investment Trust** (TSX:REI.UN) to see why they might be interesting picks today.

Altagas

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

Altagas recently completed the expansion at its Townsend gas-processing site and is making good progress on the North Pine NGL development and Ridley Island propane export terminal.

In addition, the company is working its way through its $8.4 billion takeover of Washington, D.C.-based **WGL Holdings**. The deal is expected to close in 2018.

The stock has taken a hit in 2017 due to concerns the company might not be able to sell some non-core assets at high enough prices to help pay for the WGL purchase.

Altagas delivered solid Q3 2017 numbers and recently raised the dividend by more than 4%, so the executive team can't be overly worried about revenue or cash flow.

Going forward, management intends to boost the payout by at least 8% per year for 2019-2021, once the WGL deal is complete.

At the time of writing, the stock provides a yield of 7.6%.

RioCan

RioCan has come under some pressure this year amid fears that big department store failures are the beginning of the end for shopping malls.

It's true that some segments of the retail industry are facing challenges from online competition, but RioCan's client base is quite diverse, and the company's locations remain in high demand.

In fact, no single customer represents more than 5% of the company's revenue, and committed occupancy rose in the most recent quarter to 96.8%, up from 95.3% in the same period last year.

The company is focusing its efforts on its large urban markets and plans to sell non-core assets in secondary locations. The net proceeds of the sales, which will take place over the next two to three years, are expected to be $1.5 billion.

RioCan will use the funds to shore up the balance sheet and repurchase units.

Management is pursuing a growth plan that includes the development of residential properties at RioCan's top urban locations. The program is in its early stages, but it could see as many as 10,000 residential units built over the course of the next decade.

RioCan just bumped up its monthly distribution to $0.12 per unit beginning in 2018. This represents an annualized yield of 5.8%.

Is one more attractive?

Both companies pay above-average distributions that should be safe.

If you only buy one, I would probably make Altagas the first choice today. The stock looks oversold and likely offers better dividend growth in the medium term.

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aswalker