3 High-Yielding Energy Stocks to Buy in 2018

Description

If you're on the hunt for a great dividend stock to buy in 2018 and hold for decades, then I've got three from the energy sector that I think you will love. Let's take a closer look at each, so you can determine which would be the best fit for your portfolio.

Crius Energy Trust (TSX:KWH.UN)

Crius provides investors with a distribution-producing investment through its 100% ownership of Crius Energy, LLC. Crius Energy, LLC provides innovative electricity, natural gas, and solar products to 1.3 million residential and commercial customers in 19 U.S. states and the District of Columbia.

Crius currently pays a monthly distribution of $0.0684 per unit, representing $0.8204 per unit annually, giving it a yield of about 9%.

In addition to having a very high yield, Crius is an up-and-coming distribution-growth star; it has raised its annual distribution for two straight years, and its 2% hike in October has it positioned for 2018 to mark the third straight year with an increase. I also think the company's very strong financial performance, including its 7.2% year-over-year increase in distributable cash to $41.5 million in its trailing 12-month period ended on September 30, will allow it to continue to deliver a growing stream of monthly distributions in 2019 and beyond.

Pattern Energy Group Inc. (TSX:PEG)(NASDAQ:PEGI)

Pattern Energy is one of the world's largest independent wind power producers. It has ownership interests in 20 facilities, including one it has agreed to acquire, with a total owned interest of 2,736 megawatts in the United States, Canada, and Chile.

Pattern Energy currently pays a quarterly dividend of US$0.422 per share, representing US$1.69 per share annually, giving it a yield of about 7.8%.

On top of its high yield, Pattern Energy is one of the market's best dividend-growth stocks; it has raised its quarterly dividend payment for 15 straight quarters and its annual dividend payment for four straight

years, and its recent hikes, including its 0.5% hike on November 9, has it on track for 2018 to mark the fifth straight year in which it has raised its annual dividend payment. The energy producer also has a dividend-payout target of 80% of its cash available for distribution, so I think its strong growth, including its 7.4% year-over-year increase to US$103.85 million in the first nine months of 2017, will allow its streak of quarterly and annual dividend increases to continue going forward.

TransCanada Corporation (TSX:TRP)(NYSE:TRP)

TransCanada is one of North America's largest owners and operators of energy infrastructure. Its portfolio of assets includes over 91,500 kilometres of natural gas pipelines, natural gas storage terminals with approximately 653 billion cubic feet of capacity, and 12 power-generation facilities with approximately 6,200 megawatts of capacity.

TransCanada currently pays a quarterly dividend of $0.625 per share, representing $2.50 per share annually, which gives it a 4.1% yield.

Like Crius and Pattern Energy, TransCanada has a reputation for growing its dividend, as 2017 marks the 17th straight year in which it has raised its annual dividend payment. The energy infrastructure giant also has a target dividend-growth range of 8-10% annually through 2020, and I think its strong financial performance, including its 9.9% year-over-year increase in comparable distributable cash flow to $2.87 billion in the first nine months of 2017, will allow it to achieve this growth target and extend it into the late 2020s or early 2030s.

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