Earn Yields up to 8% From These Oversold Dividend Stocks

Description

Stocks with high dividend yields usually come with a greater degree of risk, but sometimes the market presents opportunities that are worth your consideration.

You can find good stocks available at a discount for various reasons. Smart investors have the knack to take advantage of the opportunity before it closes. Here are two stocks that offer higher-than-average dividend yields that you can consider to boost your portfolio returns.

Brookfield Renewable

Energy infrastructure companies are known for their stable income and growing dividends. **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) is certainly one of the them.

Toronto-based Brookfield delivers both a sustainable yield and exposure to renewable power. About 90% of the company's generation comes from clean hydro projects from diversified jurisdictions, such as Canada, the U.S., South America, and Europe.

The company has been a great success story to grow organically through a smart acquisition strategy globally. In the third quarter, Brookfield closed two deals in Europe, adding both solar and wind power to its capacity.

This growth strategy has helped the company produce steady earnings, dividend growth, and decent capital gains for its investors. The stock currently pays a 5.8% dividend yield with an impressive payout history. The company has hiked the payout each year it has been publicly traded.

During the past five years, this utility has generated a 37% total return, including dividends and capital gains. With renewable energy production gaining momentum globally, this stock is a good long-term play, backed by solid sponsors.

Altagas

Altagas Ltd. (TSX:ALA), a Calgary-based power and gas utility, is one of the highest-yielding energy stocks in Canada. With a 7.6% annual dividend yield, Altagas pays a $0.1825-a-share monthly distribution, which comes to $2.19 a share yearly.

The amount of the distribution has increased ~50% from the $0.12 a share that was being paid five years ago. The company plans to hike it payouts by 8% each year through 2019.

But that high yield comes some risks. Some investors have doubts that Altagas will be able to successfully conclude its $8.4 billion mega deal to buy U.S.-based **WGL Holdings, Inc.** (NYSE:WGL) in 2018.

Altagas will have approximately $22 billion worth of high-quality, low-risk assets, with over $7 billion of embedded organic growth opportunities across multiple geographies.

The risks attached to getting the regulatory approvals from the U.S. authorities and funding uncertainties have kept investors on the sidelines during the past year, sending Altagas stock value down 12% to $27.45 at the time of writing.

I think Altagas stock is in an oversold territory, and it has a good potential to rebound as the uncertainty over its WGL transaction gets cleared by the second quarter of 2018.

The bottom line

Investing in high-yield dividend stocks comes with a higher degree of risk. But these two stocks offer an attractive risk/reward equation for long-term investors. If you want to play safe, then you should focus on other areas of the market where you can find many safe dividend stocks.

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