Income Investors: 2 Beaten-Up Stocks With Growing Payouts

Description

Retirees and other income investors are searching for top dividend stocks to add to their portfolios.

The strategy makes sense, especially when the shares are held in a tax-free savings account.

Let's take a look at two income stocks that have pulled back in recent months, but continue to boost their dividends.

Suncor Energy Inc. (TSX:SU)(NYSE:SU)

Suncor recently reported strong Q4 results, and investors could see the positive momentum continue through this year.

Why?

Suncor completed two major projects in the past few months and the switch from development to production has occurred just as oil appears to be in recovery mode.

The Fort Hills oil sands facility and the Hebron offshore project are now ramping up output, and should provide Suncor with a strong revenue boost this year and beyond.

Suncor is widely known for its production assets, but the company also owns refineries and more than 1,500 Petro-Canada retail locations. These downstream businesses provide a nice hedge against weak oil prices and are a big reason that Suncor held up so well through the rout.

The company just increased the dividend by 12.5%, and the stock provides a yield of 3.4%.

At the time of writing, Suncor is trading for $43 per share, down from $47 in early January.

Altagas Ltd. (TSX:ALA)

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

Altagas wrapped up work at its Townsend and North Pine facilities in British Columbia late last year, and the Ridley Island propane export terminal is moving along as planned.

South of the border, Altagas is making progress on its takeover of WGL Holdings. The deal should close this year, and management is targeting annual dividend growth of at least 8% for 2019-2021.

Meanwhile, the existing assets are performing well, and Altagas raised the payout by more than 4% last fall.

The stock has come under pressure amid the broader pullback in the utility sector and concerns the WGL deal might prove too much for the company to handle right now.

As a result, investors who buy today can pick up a dividend yield of 8.3%.

Is one more attractive?

Suncor is likely the safer bet, while Altagas offers a higher yield and a shot at some nice upside gains when the market settles down. At this point I would probably split a new investment between the two companies.

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