Better Dividend Stock: Brookfield Infrastructure Partners L.P. vs. Altagas Ltd.

Description

The market traded lower again on Friday, as investors digested Canadian GDP numbers that showed a deceleration in economic growth, and as possible trade wars between the U.S. and Canada sparked worries.

So, where can investors turn for safety, consistency, and, most importantly, income?

Let's take a look at two attractive dividend stocks and see where investors should put their money.

Altagas Ltd. (TSX:ALA)

With a dividend yield of 9.08%, Altagas is a very attractive high yield stock.

The stock is down 20% year to date in a market that is nervous in general and nervous with respect to Altagas and its WGL acquisition.

This leads me to the next point, and that is that Altagas shares are undervalued.

They're undervalued due to the uncertainties regarding financing and approvals related to the WGL acquisition and due to market conditions in general.

But the company reported fourth-quarter normalized cash flow from operations that was 4% higher than the same period last year, with a very healthy payout ratio of well under 60%.

At the end of the day, investors can look forward to the WGL acquisition's high-quality assets and market position to bring Altagas many growth opportunities as well as significant earnings and cash flow accretion.

The company reiterated its confidence in a mid-2018 closing of the WGL acquisition and in the 2018 sale of $2 billion of its assets to help fund the acquisition.

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP)

With a dividend yield of 4.65% and a stock price that has been less volatile this year, Brookfield offers investors a steady, high-quality dividend stock and a little more peace of mind.

While the stock is also lower year to date, it has held up better. Now trading 10% lower, the stock offers investors predictable, growing cash flows that will continue to grow over time.

Since 2009, Brookfield has grown its funds from operations by a cumulative average annual growth rate (CAGR) of 24% and its per-unit distribution by a CAGR of 12%.

And going forward, management is targeting 5-9% annual growth in distributions and long-term ROEs of 12-15%.

Long-term cash contracts and predictable cash flows make this stock a great buy.

Bottom line

When it comes down to it, I think that both of these stocks offer a great opportunity for investors.

Altagas is suitable for investors that believe that the market is overreacting to recent uncertainty and that the stock is reflecting a real bargain because of it. Its 9% dividend yield makes it hard to resist.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/08
Date Created
2018/03/05
Author
karenjennifer