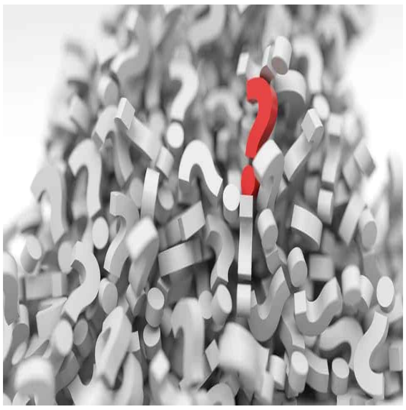

Altagas Ltd. vs. Enbridge Inc.: Which Is the Better High Yielder to Buy Today?

Description

For contrarian investors looking to lock in a high dividend yield, both **Altagas Ltd.** (TSX:ALA) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) are two very compelling options that exist in today's rocky market. Both businesses have had their fair share of issues over the years, and to this day, both stocks appear to be heading further into the red.

They're both falling knives that continue to hurt those who attempt to catch them on the way down, and with no bottom in sight, would it make any sense for a long-term investor to nibble away at shares today? Or would doing so only result in long-lasting pain for your portfolio?

Altagas

Altagas is down ~54% from its all-time high and now offers a mouth-watering dividend yield that's just south of 9%. The company owns power, gas, and utilities across North America and has been quite active on the acquisition front in the past.

The company is still working on its $8.4 billion acquisition of **WGL Holdings**, a deal which has been delayed for quite some time due to regulatory hurdles. The hefty price tag and ample uncertainties surrounding the deal have been a cause for concern for investors, producing even steeper losses in a stock that can't appear to catch any sort of break.

The stock appears to offer an immense amount of value for investors with an extremely long-term time horizon and the ability to deal with steep short- to medium-term losses. The stock trades at a 24 forward price-to-earnings multiple, a 1.3 price-to-book multiple, a 1.6 price-to-sales multiple, and a 7.5 price-to-cash flow multiple, all of which are substantially lower than the company's five-year historical average multiples of 63.5, 2.0, 2.2, and 10.5, respectively. The dividend is also a whopping 3.5% higher than it normally is, providing investors with an opportunity to lock in a massive dividend.

Most remarkably, Altagas upped its dividend by ~4% last year and plans to continue its annual dividend-raise plan in spite of recent troubles and an artificially high dividend yield that could hit the 10% mark in the future.

Enbridge

Enbridge shares are down ~34% from all-time highs and now has a very generous dividend, which currently yields ~6.3%. Like Altagas, management appears poised to continue to deliver annual dividend raises in times of turmoil.

The company's $37 billion Spectra acquisition adds high-quality natural gas assets into the mix and has laid down a foundation for many years' worth of growth.

In addition, once the Line 3 replacement comes online, Enbridge will be well positioned to rise from the dark and have the ability to up the magnitude of its dividend even further!

The stock appears to be an absolute steal for investors who don't pay too much attention to the day-to-day movements in the stock market. Shares currently trade at a 17.5 forward price-to-earnings multiple, a 1.4 price-to-book multiple, a 1.5 price-to-sales multiple, and a 9.9 price-to-cash flow multiple, most of which are lower than the company's five-year historical average multiples of 64.7, 4.2, 1.3, and 11.3, respectively. The dividend is ~2.7% higher than it normally is and is poised to grow, potentially moving past the 7% mark over the next two years before rebounding.

Bottom line

Both stocks are intriguing opportunities, but if I had to choose one today, I'd go with Enbridge, which appears to be a more diversified, lower-risk business.

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