2 High-Yield Dividend Stocks to Buy in April

Description

Buying stocks with high dividend yields comes with a greater degree of risk. This strategy works for investors who have faith in a company's ability to survive during short-term setbacks and ultimately emerge unscathed.

Here are two stocks that offer higher-than-average dividend yields that you can consider to boost your portfolio's returns.

Altagas

Altagas Ltd. (TSX:ALA), a Calgary-based power and gas utility, is one of the highest-yielding energy stocks in Canada. With a massive 9.1% 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 carries many risks. Energy infrastructure companies are under immense pressure these days amid speculations that higher interest rates in North America will jeopardize their expansion plans.

In the case of Altagas, investors have doubts that the company will be able to successfully conclude its $8.4 billion mega deal to buy U.S.-based **WGL Holdings, Inc.** 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 if this deal goes through.

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 24% to $23.59 at the time of writing.

RioCan

RioCan Real Estate Investment Trust (TSX:REI.UN), which owns, manages, and develops retail-focused properties in Canada's prime markets, is also under pressure due to rising interest rates, a difficult retail environment in Canada and consumers' shift to buy online.

These challenges have forced RioCan to come up with a new strategy to continue with its growth and protect its future cash flows, so it could continue paying dividends to investors.

In the latest move, the company announced its new residential brand, RioCan Living, to take advantage of swelling demand for mixed-use properties. Under the RioCan Living brand, the company plans to turn selected existing retail shopping centres into vibrant mixed-use communities. The company is also exiting from some smaller markets and selling about $2 billion worth of properties.

Despite these pressures, I think RioCan offers an attractive investment opportunity for investors seeking a higher yield. Trading at $23.75 at the time of writing, RioCan shares yield more than 6%, translating into a $0.12-a-share monthly dividend.

This REIT has consistent history of rewarding investors with growing dividends. The company has been paying dividends for the past 23 years. During that period, RioCan has raised its annual distribution 17 times.

Which stock is a better buy?

Both stocks offer juicy yields and a potential for capital gains once these short-term uncertainties are out of the way. But I think Altagas stock offers a better risk/reward equation after it lost almost quarter of its value during the past year. Investors with appetite for taking higher risk can buy Altagas stock to earn a hefty 9% yield. I think the company will ultimately overcome the hurdles in the way of its WGL deal.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/07/04
Date Created
2018/04/02
Author

hanwar