Monthly Income: 2 High-Yield Dividend Stocks to Buy Today

Description

Energy utilities and real estate investment trusts (REITs) have been very reliable sources for income investors to earn a steady income stream. Here are two high-yield dividend stocks that have been under pressure for the past 12 months, but they offer a good bargain for long-term investors.

Altagas

The Calgary-based **Altagas Ltd.**(TSX:ALA) is one of the largest North American energy infrastructure companies, providing natural gas and power to consumers. The company's infrastructure handles more than two billion cubic feet of gas per day, serving over 575,000 customers across North America.

Following the path of other large utilities in Canada, Altagas is also trying to expand south of the border with a planned acquisition of the U.S.-based **WGL Holdings** last year. But the market didn't take that $8.4 billion deal favourably on concerns that it would add a significant amount of debt to Altagas's balance sheet, compromising its future ability to grow dividends.

In this backdrop, Altagas shares have been under pressure for the past 12 months, dropping 21% and pushing its annual dividend yield to close 9%. The slide in Altagas shares further accelerated, as interest rates started to rise in North America.

Despite these concerns about the WGL deal, the management remains confident that it will close the transaction this year. The company's fourth-quarter and full-year numbers show that Altagas has a strong business, which continues to generate cash flows for its shareholders. Altagas's revenue rose 16.7% to $2.56 billion in 2017. Its normalized earnings per share increased 21.4% to $1.19, and its normalized funds from operations per share climbed 2.3% to $3.60.

Trading at $24.56, Altagas's share price is close to the 52-week low. This weakness provides a good opportunity to long-term income investors to lock in this juicy 9% yield. Altagas pays a monthly dividend of $0.1825 per share, representing $2.19 per share annually.

RioCan REIT

Just like utilities, rising interest rates also work against REITs, which rely heavily on debt to grow their operations. Canada's largest retail REIT

RioCan Real Estate Investment Trust (TSX:REI.UN) is also facing a similar challenge in 2018.

REITs work just like fixed-income securities. They distribute most of their cash that they generate from long-term leases in dividends. As interest rates rise, so do REITs' borrowing costs. Because their leases are long term, they can't immediately seek more rent to balance the equation. But RioCan's leverage ratio (total debt to total assets), at 41.4%, shows it's well within a manageable level.

For long-term investors, it's a good time to bet on RioCan, which is transforming its business. That turnaround involves exiting from some less-attractive markets and focusing on the six largest rental hubs in Canada. The company is also transforming some properties into mixed-used units to take advantage of Canada's robust demand for residential rentals.

Trading at $23.15 at the time of writing and with an annual dividend yield of 6.08%, RioCan is a solid long-term buy to earn steady monthly income. The company pays a $0.12-a-share monthly dividend.

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