New TFSA Income Investors: 2 Off-the-Radar Dividend Stocks Yielding up to 8.5%

Description

Retirees and other income investors are always searching for reliable stocks to add to their TFSA dividend portfolios.

The strategy makes sense, as all the distributions paid inside the TFSA are yours to keep. That's right; the tax authorities can't touch any of your earnings. In addition, when the time comes to sell, any capital gains you pick up also go straight into your pocket.

Let's take a look at **Russel Metals Ltd.** (TSX:RUS) and **AltaGas Ltd.** (TSX:ALA) to see why they might be attractive today for your income portfolio.

Russel Metals

Russel Metals is a metals distribution company with operations including metals service centres, energy products, and steel distributors.

The company took a hit when oil prices plunged, but the stock has recovered significantly amid a rebound in the sector, and more gains could be on the way.

Russel reported Q1 2018 net income of $38 million, or $0.62 per share, compared to $30 million, or $0.48 per share, for Q1 of 2017. First-quarter revenue in the metals service centres rose 18% to $455 million, supported by a 7% improvement in shipments.

The energy products segment also did well, with revenue growth of 13%, driven by better pricing and increased valves and fittings revenue. Steel distributor revenues rose 21% to $94 million due to higher North American steel prices and better demand in the Canadian market.

In the Q1 earnings release, the company said prices and demand continued to improve through the first three months of 2018.

Russel pays a quarterly dividend of $0.38 per share for a yield of 5%.

AltaGas

AltaGas owns gas, power, and utilities businesses in Canada and the United States. The company has grown over the years through organic developments and strategic acquisitions, and that trend continues today.

AltaGas completed the Townsend gas-processing expansion and North Pine NGL facility in British Columbia in late 2017 and continues to make good progress on its Ridley Island propane export terminal in the province.

The company is also working through its $8.3 billion purchase of Washington, D.C.-based **WGL Holdings**.

Once the deal closes, AltaGas will have $4.5 billion in secured growth projects and an additional $1.5 billion in opportunities through 2021.

The market thinks AltaGas might be biting off more than it can chew with the WGL purchase. As a result, the stock is down from $31 a year ago to the current price of $25.50.

Despite the concerns, the dividend should be safe, and investors who buy today can pick up a yield of 8.5%.

The bottom line

Both stocks offer attractive distributions for income investors looking to secure above-average yields.

If you only buy one, I would go with AltaGas today. The dividend should be safe, and the stock might be oversold at this point.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:RUS (Russel Metals)

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/24
Date Created
2018/05/16
Author
aswalker