



2 High-Yield Stocks That Could Rise 50% in 2019

Description

Contrarian investors are constantly searching for unloved stocks with the potential to deliver big gains when sentiment shifts or the sector rebounds.

Sometimes, these stocks also pay [attractive dividends](#) while you wait for better days to arrive. Let's take a look at two high-yield picks that deserve to be on your radar today.

Inter Pipeline (TSX:IPL)

Inter Pipeline is up 13% in 2019, and more gains should be on the way for this niche player in the energy infrastructure sector.

The company operates oil sands pipelines, conventional oil pipelines, and natural gas liquids (NGL) processing assets in western Canada. In Europe, IPL has a growing bulk liquids storage business with assets located in a number of countries.

Management has taken advantage of the downturn in the energy sector to add strategic assets at attractive prices, including the purchase of two NGL extraction facilities at a steep discount to their construction costs. A turnaround in market prices has the division generating strong margins and the NGL processing group helped push IPL's Q4 2018 earnings to a record level.

A \$3.5 billion development project is on schedule and should be completed by the end of 2021. The Heartland Petrochemical Complex is expected to generate additional annual EBITDA of at least \$450 million.

IPL trades at \$22 per share. The stock was above \$35 in 2014, so there is strong upside potential for this company. Investors who buy today can pick up a [yield](#) of 7.7%.

The Q4 payout ratio was 62%, so the generous dividend should be safe.

Power Financial (TSX:PWF)

Power Financial is up 22% in 2019. The financial holding company owns positions in well-known Canadian insurance and wealth management businesses as well as an interest in a European holding company with a stake in several of the continent's top global firms.

The board recently raised the dividend by 5.2%, supported by strong 2018 results and a positive outlook. The new payout provides a yield of 5.8%.

The company also just announced that it will spend \$1.65 billion to repurchase 7% of the outstanding shares.

Power Financial certainly isn't as cheap as it was a few months ago, but more upside should be on the way, and it wouldn't be a surprise to see the price hit \$40 by the end of the year, especially if more market analysts start to anticipate interest rate cuts in Canada and the United States.

The stock trades at \$31.50 today compared to just under \$26 at the start of the year.

The bottom line

IPL and Power Financial pay attractive distributions that should continue to grow. The stocks have picked up a decent tailwind to start 2019 and more gains should be on the way.

Other off-the-radar stocks are also worth watching right now.

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