



TFSA Investors: This 4.5% Yield Stock Is up 44% This Year

Description

Looking for a stock that delivers growth *and* income in one convenient package?

Usually, such investments are hard to find. Most typical “growth” stocks don’t pay dividends, or if they do pay dividends, they offer very small payouts. Dividend stocks, however, are usually those of “mature” companies that don’t offer much growth.

There are, however, some exceptions to these rules.

Every now and then you’ll find a stock that grows by leaps and bounds while paying dividends along the way. Such stocks are rare, but when you find them, they can reward you handsomely. **Toronto-Dominion Bank**, for example, has risen over 300% in the past 10 years, all while paying investors juicy dividends every single quarter.

In this article, I’ll be discussing another stock that has delivered a phenomenal combination of dividends and growth. A beaten-down energy stock has risen 44% this year and still has a 4.5% yield even after all those gains. This is a stock that was once considered down and out but has recently become a dividend-growth champion.

What’s the name of the stock?

AltaGas

AltaGas ([TSX:ALA](#)) is a diversified gas and utilities stock that supplies power to 1.6 million customers across the U.S. and Canada. The company’s [midstream business](#) is mainly involved in natural gas processing, storage, and transmission. The combination of utilities and LNG operations gives the company a measure of diversification, which many energy companies lack. The company’s utilities business provides a dose of safety and “recession-proofing,” while its natural gas marketing business stands to benefit if LNG goes up in price.

Why this stock is skyrocketing

After a [horrible 2018](#), which saw the company slash its dividend and sell off assets, AltaGas is seeing strong growth in its core business operations. In its most recent quarter, the company grew revenue by 92% and normalized EBITDA by 22% year over year. This growth was powered by strong gains in the LNG marketing business, which increased volumes to 40,000 barrels a day. The LNG-processing component of AltaGas's business is the most volatile, so it's encouraging that the company is posting such strong results in this business segment.

A juicy dividend

AltaGas pays a monthly dividend of \$0.08, which works out to \$0.96 per year. At current price levels, that gives a very high yield of 4.5% — much higher than the TSX average.

If you buy ALA now, you can lock in a 4.5% yielder at a reasonably low price. However, it should be noted that with AltaGas's strong returns, that yield could get smaller at any moment. In the past, ALA shares paid out as much as 8%, but with the strong price increases, the yield has been falling. If the company keeps growing revenue as quickly as it has been, then its stock could continue to rise, so if you're looking to lock in that 4.5% yield, now may be the time to act.

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