



2 High-Dividend TSX Stocks to Make You Rich

Description

Dividend stocks are always an attractive option for investors, especially when dividend yields are at attractive levels. The problem is that usually higher-yield dividends come with more risks to their stability.

The exception to this comes during mass market panics, where some stocks are sold off irrationally, far more than any risk can justify. Savvy investors can identify these stocks and invest now, locking in these high yields.

In addition, if you plan to hold the stock for the long term — which you should — you could eventually see the benefit of dividend increases, returning even more cash on your initial investment.

Two of the top reliable, high-yield dividend stocks to buy today are **AltaGas** ([TSX:ALA](#)) and **Alaris Royalty** (TSX:AD).

Midstream energy and utilities stock

AltaGas is a North American energy infrastructure company and a key business in the Western Canadian energy industry. The company also has utility businesses to complement its midstream energy operations.

The combination of the two gives AltaGas reliable and predictable cash flow in addition to major long-term growth opportunities.

One of AltaGas's main growth opportunities is the Ridley Island Propane Export Terminal (RIPET). The RIPET only commenced operations in 2019 but will provide Western Canadian energy companies access to Asian markets.

Furthermore, [AltaGas](#) has just 15% of its business exposed to commodity prices — low enough that it won't pose too high of a risk to its operations.

It had to sell some non-core assets recently to put itself in a better financial position. This has worked well. Going forward, AltaGas has much better financial flexibility.

What else is noticeable is the growth in earnings before interest, taxes depreciation, and amortization (EBITDA) recently. Since selling off its non-core assets, AltaGas has done more with less and has actually grown its returns. This has been key to the company improving its financial position.

The whole package of AltaGas makes it a great business to own long term. And with the stock trading at a major discount due to the bear market, it's a top buy today.

As of Monday's close, the stock was trading just over \$12 — nearly 45% off its 52-week high. The dividend now yields an incredible 7.6%. In addition, the company is trading at an enterprise value to EBITDA of less than eight times.

Royalty stock

Alaris Royalty is an investment company whose main goal is to provide investors with a stable and attractive dividend. The company invests in small businesses across Canada and the United States.

Because of the concern for the economic future around the globe, the stock has been sold off heavily. The worry is that these small businesses will run into trouble and be unable to pay Alaris the distributions that are owed.

Alaris has proven over the years, however, that it can build a robust portfolio. Plus, with the fiscal stimulus coming from the American government, the impact to its American businesses — which make up 81% of its revenue — could be minimized.

There are still a number of unknowns with Alaris's business, but at current prices, the reward could be well worth the risk.

As of Monday's close, the stock was trading at roughly \$10.30. That's a more than a 50% discount from where it was a month ago. The rapid decline of the stock price has increased the dividend considerably; it's now yielding north of 16%.

It's not out of the realm of possibility that Alaris may have to trim its dividend if some of its businesses struggle. However, looking at its portfolio, it looks like the biggest cut it would need to make would be a 50% reduction, and even that would be extreme.

But even if you bought the stock today and the company cut the dividend by 50%, your investment would still yield north of 8%, showing how much value Alaris has at these prices.

Bottom line

These high dividend stocks present major opportunities for investors. Both stocks have a degree of risk too them (as does any company) but the potential long-term rewards far outweigh the risks, making them two of the most attractive dividend stocks on the TSX today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:ALA (AltaGas Ltd.)

PARTNER-FEEDS

1. Business Insider
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