Sleep Well at Night With These 3 Income-Producing Stocks

Description

It's a delicate balance to be an investor looking for consistent income in today's market.

Interest rates are low, meaning it's difficult to find safe investments that will pay an investor more than 1-2% for owning them. Remember the days when a five-year GIC would pay an investor 5% annually? I know many retirees who do, and they yearn for those days to come back. It's hard to get excited about fixed income rates that don't even exceed inflation.

But not all is lost. They're more difficult to find, but it is possible for retirees and other income-oriented investors to find stocks that not only pay generous dividends, but that also offer safe and sustainable payouts. There isn't much more a retiree can ask for, especially when the primary goal of the portfolio is producing income. While capital gains are likely to follow, it's the income we're mostly worried about.

Let's take a closer look at three dependable income-producing machines that should be considered for your portfolio.

Calloway REIT

With news of **Target Corporation** closing down all its Canadian stores rocking the market yesterday, it just goes to show the importance of partnering with the best in the Canadian retail market.

Calloway Real Estate Investment Trust (TSX:CWT.UN) does just that, having **Wal-Mart Stores Inc**. as the anchor tenant in just about every one of its retail developments. This means that the company's stores account for approximately 25% of Calloway's rent. If it were any other retailer I'd be concerned, but Wal-Mart is about as secure as you can get. It's not about to shut down its Canadian operations.

Having Wal-Mart as an anchor tenant makes Calloway's 128 locations more attractive to other businesses too. Wal-Mart stores are always busy, meaning there are plenty of shoppers who are likely to check out competing stores after doing their weekly Wal-Mart run.

Calloway's shares yield 5.3%, and the company hasn't missed a dividend payment since initiating its monthly payout in 2003. That's the kind of consistency every income investor wants.

Telus

Canada's telecoms are a good place for your investment dollars. They're consistent performers with huge moats because of decades of investment in infrastructure. Plus, Canadians are increasingly addicted to their smartphones and internet connections.

While each of the so-called "Big 3" in the sector will probably end up being a good investment over time, my favorite in the sector is **Telus Corporation** (TSX:T)(NYSE:TU) simply because it's delivering the best operational results. The company's churn — a measure of how many customers bolt for competitors each month — continues to make record lows, an achievement management credits to the company's decision of investing in its customer service. I can speak from experience — whenever I phoned the company I've been treated to customer service reps who can actually make decisions without deferring to a manager.

Plus, Telus pays investors a 3.7% dividend, and has pledged to raise that payout twice in 2015. There's a lot to like about investing in a market leader with an increasing dividend.

Chartwell

There are more than 9 million Canadian Baby Boomers. Eventually, a lot of them are going to need assisted living facilities.

This is where **Chartwell Retirement Residences** (TSX:CSH.UN) comes in. The company is one of Canada's largest in the sector, with nearly 30,000 suites spread across the country. While the company's current dividend is a little low (at least compared with other REITs) at a 4.3% yield, Chartwell makes up for it with potential growth in its occupancy rate, which currently stands at approximately 90%.

The company's payout ratio is approximately 70% as it continues to spend to add to its portfolio. It's also both paying down and refinancing some of its debt, both of which are positive for its long-term viability. Investors aren't likely to see distribution hikes over the next year or so, but that shouldn't matter. Chartwell is a solid company that is in huge potential growth market. Patient investors who buy now will likely be rewarded in five years when the trend really starts to accelerate.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
4. TSX:T (TELUS)

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Date
2025/08/10
Date Created
2015/01/16
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