



Like Huge Income? These 3 Stocks Pay 6%+ Yields

Description

It seems like retirees and other income-oriented investors have a decision to make. They can either settle for lower yields with potential for growth, or take huge risks in the high-yield market.

For somebody with income needs now, neither of these choices is really ideal. High current income is nice, but not if you're risking your retirement fund on share prices partially propped up by dividends. And while dividend-growth stocks work well for folks looking to retire in a decade or two, they're not really ideal for someone looking to maximize their income now.

Fortunately, there are better options out there. Specifically, there are a select few stocks that trade on the Toronto Stock Exchange that offer truly sustainable yields in excess of 6%. They're few and far between, but for retirees, they're worth hunting for.

Let's take a closer look at three such stocks.

H&R Real Estate Trust

H&R Real Estate Investment Trust ([TSX:HR.UN](#)) is one of Canada's largest and most diversified REITs, owning more than 300 office, retail, and industrial buildings across the country, totaling more than 43 million square feet of leasable area. It also owns a 33.6% stake in ECHO Realty L.P., which owns 192 properties in the United States, comprising more than eight million square feet.

Currently, H&R pays a 6.2% dividend, which is easily covered by earnings. So far in 2015 the company has generated \$0.95 per share in funds from operations, while paying out \$0.68 per share in dividends. That gives the company a payout ratio of just 70%, which is low for the REIT world, and especially low for a company paying such a generous dividend.

One thing that's temporarily beating up H&R shares is its exposure to the Alberta market, where it owns several of Calgary's prominent office buildings. But most of those buildings are leased to companies with long-term agreements in place, with only a small percentage coming due in 2016. In short, Alberta's weakness should be a non-event for H&R.

Boston Pizza

For the first time since 2012 investors are getting a gift from Canada's largest fast, casual restaurant chain, **Boston Pizza Royalties Income Fund** ([TSX:BPF.UN](#)). Shares are finally yielding more than 7% again, currently giving investors a yield of 7.2%.

Of course, it isn't just the yield that should entice investors to Boston Pizza. During its most recent quarter, the company delivered top-line growth of 3.2%, and growth in distributable cash of 10.9%. The company also felt confident enough back in April to hike its distribution more than 6%.

What's bringing shares down is likely the company's weak same-store sales, which were up just 0.1% in the most recent quarter, and up just 1.1% through 2015. Boston Pizza is particularly strong in Alberta, and is feeling the pain of the weakness there head on.

But that's an only temporary problem that has knocked shares down some 25% compared to recent highs. Investors are getting a company for just 16 times earnings that has hiked dividends 17 times since its IPO in 2002.

Corus Entertainment

There are a couple of factors beating down shares of **Corus Entertainment Inc.** ([TSX:CJR.B](#)). Specifically, the market is worried about upcoming CRTC regulations that will enable folks to pick and choose cable channels starting next year, rather than buying in bundles. And the continued move towards cord cutting is bound to make anyone nervous.

But Corus is still a solidly profitable company, trading at just six times its projected cash flow for 2015. It also pays a very generous monthly dividend of 9.5 cents per share, which translates into a yield of 8.7%. The best part about the payout? It's sustainable since it's less than 40% of the company's free cash flow. Earnings can still take a hit and the dividend will be safe.

Besides, media companies go through downturns like this every cycle. Advertising spending is down, which pushes down the share price. It picks back up when the economy recovers, and companies like Corus are the big beneficiaries of that.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:CJR.B (Corus Entertainment Inc.)

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Date

2025/08/28

Date Created

2015/08/18

Author

nelsonpsmith

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