



Income Investors: 3 Oversold Stocks With Reliable Yields up to 10%

Description

Chasing big yield can be dangerous, and investors really have to sift through the carnage to separate the good names from the bad, but there are some opportunities right now that deserve a closer look.

Here are the reasons why I think **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)), **AltaGas Ltd.** ([TSX:ALA](#)), and **Corus Entertainment Inc.** ([TSX:CJR.B](#)) are solid picks in the current environment.

RioCan

RioCan operates more than 300 shopping malls in Canada and another 49 in the United States.

The company recently inked a deal to unload the American properties for \$2.7 billion, which will deliver a tidy gain on the investments and free up net proceeds of \$1.2 billion. Management plans to use the funds to pay down debt and bolster the balance sheet for new opportunities.

The REIT space has come under fire in the past six months as investors fret about rising U.S. interest rates and a weakening Canadian economy. Some of the REITs should still be avoided. In the case of RioCan, the pullback looks overdone.

Rate hikes are likely to be small and spread out, so RioCan should be able to manage the impact. As for economic concerns, RioCan's core tenants tend to be large, stable companies such as grocery stores, pharmacies, and discount retailers. These businesses are more than capable of riding out a slowdown in the economy, and most have long-term lease agreements.

RioCan pays a monthly distribution of 11.75 cents per unit that yields 6.1%.

AltaGas

AltaGas is an energy infrastructure company with gas, power, and utility assets located in Canada and the United States. The unique combination gives the company a competitive edge because it benefits from the integration of the various business segments.

The energy rout has hit the stock hard, but AltaGas looks like a case of the baby being thrown out with the bath water. The company delivered strong Q3 2015 results with funds from operations rising to \$102 million, or \$0.75 per share, compared to \$80 million, or \$0.63 per share, in Q3 2014.

AltaGas raised its dividend by 12% in 2015. The current monthly distribution of 16.5 cents per share yields about 7%.

Corus

Corus had a rough 2015 as investors bailed out of the stock on fears that the new pick-and-pay rules for TV subscriptions will hurt the company's revenues.

Beginning in March Canadians will be able to order a basic \$25 TV package and then add channels or mini-bundles on a pick-and-pay basis. Corus has traditionally focused on programs targeted at kids, which had pundits worried heading in to the pick-and-pay system, but the company just announced a major deal that completely changes the game.

Corus is buying Shaw Media from **Shaw Communications** for \$2.65 billion. The company will pay \$1.85 billion in cash and give Shaw 71 million Corus shares.

The acquisition gives Corus a much broader content base, including the Global Television network and top-ranked specialty channels HGTV, Food Network, and Showcase. This should ensure the company has the scale it needs to compete in the rapidly changing media market.

Corus already generates sufficient free cash flow to cover its dividend and the additional revenue expected from the new assets should be enough to keep the distribution stable, even with the extra shares and payments on new debt. The stock offers a monthly payout of 9.5 cents per share that yields 10%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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