2 Income Picks You Can Rely On in This Market

Description

Recent volatility in the market has income investors wondering which stocks really offer safe distributions and a shot at some upside potential.

Here are the reasons why I think **RioCan Real Estate Investment Trust** (TSX:REI.UN) and **Telus Corporation** (TSX:T)(NYSE:TU) are solid choices right now.

RioCan

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

The company recently signed a deal to unload the U.S.-based properties for $2.7 billion; net proceeds are expected to come in at about $1.2 billion. The deal is important for new investors because it shores up the balance sheet, provides dry powder for further investments, and should put to bed any concerns about the distribution.

RioCan is an attractive pick because its anchor clients tend to be big grocery, pharmacy, and discount businesses that sell the day-to-day goods every Canadian needs. These companies are reliable tenants with strong brands and should easily survive a period of weakness in the Canadian economy.

RioCan pays a monthly distribution of 11.75 cents per share that yields about 5.7%.

Telus

Telus occupies a very attractive spot in the Canadian communications industry. It has the lowest mobile churn rate in the sector and continues to add new mobile, TV, and Internet customers at an impressive rate. It also owns Telus Health, which is the leading supplier of secure IT services to Canada's healthcare industry.

The stock has come down in recent months as investors fret about the coming changes to the Canadian TV market and new mobile competition from **Shaw Communications**.

Beginning in March, Canadians will be able to choose a basic $25 TV package and then add channel on a pick-and-pay basis. This could put a dent in subscription revenues if consumers decide to get cheap, but I expect most people will simply add programs until they hit their existing budget.

Telus doesn’t own any of the content its sends to its customers, so the company isn’t at risk of taking a revenue hit on that side of the equation.

On the mobile front, Shaw is entering the national mobile game via its purchase of Wind Mobile. The deal will certainly put a bit of extra pressure on Telus in western Canada, but Shaw’s reason for buying Wind is probably more about trying to keep existing cable and Internet customers from leaving than about launching a mobile price war against Telus and its peers.

Telus pays a quarterly dividend of $0.44 per share that yields about 4.5%. The company has increased the payout 12 times in the past five years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:T (TELUS)

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