2 Income Stocks I'd Buy Today With an Extra $5,000

Description

The market pullback is giving income fans a great opportunity to pick up some oversold stocks at very attractive prices.

Here are the reasons why investors with a bit of cash on the sidelines might want to consider **Sun Life Financial Inc.** (TSX:SLF)(NYSE:SLF) and **Inter Pipeline Ltd.** (TSX:IPL).

Sun Life

Sun Life took a nasty beating during the financial crisis, but the company has made a stellar recovery, and investors are starting to move back into the stock.

Management sold off the U.S. annuities business that caused all the grief during the Great Recession and is now investing in asset management opportunities as a way to deliver growth with less risk. Investors should see the strategy shift as a positive one.

Sun Life has already made three key asset management acquisitions in the U.S. and more deals could be on the way. This segment combined with the existing insurance and wealth management units should deliver stable earnings in the coming years.

The company is also boosting its bets on growth in Asia with a specific focus on India. The company's Birla Sun Life partnership is a strong presence in the Indian insurance sector and Sun Life is increasing its equity stake from 26% to 49%. The business has the potential to be a big winner for Sun Life and its investors as the Indian market is expected to expand substantially over the next five to 10 years.

Sun Life increased its dividend twice in 2015. As the new assets begin to add revenue, shareholders should see rate hikes continue. The stock currently pays a quarterly dividend of $0.39 per share that yields about 4%.

Inter Pipeline Ltd.

Inter Pipeline is down more than 30% in the past 12 months as a result of the broad-based exodus out of the energy sector.

The company transports 15% of western Canadian conventional oil production and 35% of the country's oil sands output. It also has a natural gas liquids (NGL) extraction division as well as a bulk liquids storage business in Europe.

On the surface you might think the company would be struggling, but that's not the case at all.

Inter Pipeline's oil-producing customers are cutting back expansion plans, and that will impact Inter Pipeline's growth potential in the short term, but the oil is still flowing through the existing infrastructure at a healthy clip. Oil sands companies can't afford to shut down their facilities because it is simply too costly, even with oil prices at unprofitable levels. That means Inter Pipeline's revenue stream should be reliable through the downturn.

In fact, the numbers suggest things are rolling along quite well. Inter Pipeline reported record Q3 2015 funds from operations of $205.2 million, up 46% from the previous year.

Cash flow from the oil sands operations increased 77% as a result of new infrastructure being put into service in 2015. Throughput on the conventional oil pipeline increased 3% and funds from operations came in at $49.8 million, about on par with Q4 2015.

The NGL extraction business was the weak link. Its funds from operations fell from $34.4 million in Q3 2014 to $23.6 million in Q3 2015.

The bulk-storage business had a very good quarter with utilization rates averaging 93% compared to 78% in the third quarter of 2014. Funds from operations in the division hit a record $29 million, up 46% year over year.

Inter Pipeline recently increased its monthly dividend to $0.13 per share. The distribution looks very safe and investors can collect a nice 6.8% yield while they wait for oil prices to recover.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SLF (Sun Life Financial Inc.)

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Author
aswalker