



## Income Investors: 2 Stocks I'd Buy Today With an Extra \$5,000

### Description

Income investors are always on the hunt for solid companies that pay reliable distributions.

Here are the reasons why I think **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) and **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) are worth a look if you have some cash sitting on the sidelines.

#### RioCan

The REIT sector has been under pressure over the past year as investors fret about trouble in the oil patch and a weak Canadian economy.

Some of the REIT names with substantial office holdings in Alberta should probably be avoided, but RioCan isn't in that space.

RioCan owns shopping malls, and the anchor tenants in Canada tend to be grocery stores, pharmacies, and vendors of everyday household goods or discount items. These businesses are big chains with solid brands and they sell items that are going to remain in demand regardless of the state of the economy, so concerns about a recession are probably overblown.

On the development side, RioCan is testing a new business model where condos will be built at some of its top retail sites. If the concept takes off, investors could see a nice boost to funds from operation in the coming years.

RioCan is selling its U.S. properties for a nice profit and management plans to use the net proceeds of about \$1.2 billion to pay down debt and invest in new growth opportunities.

The company pays a monthly distribution of 11.75 cents per unit for a yield of 5.25%.

#### TransCanada

TransCanada had a difficult 2015 with the meltdown in the oil sector and President Obama's rejection

of the northern leg of Keystone XL.

Keystone is on the shelf for the moment, but a Republican win in this year's election could turn the story around very quickly, and that isn't being priced into the stock right now.

TransCanada's other major project, Energy East, is also facing some pushback from stakeholders. The pipeline would carry western Canadian crude to the east coast and TransCanada has said it could have the project in service by 2020 if it gets the green light. That target date is looking a bit ambitious given the current resistance from Quebec and some other opponents, but I think Energy East will eventually go ahead.

In the meantime, TransCanada still has \$13 billion in other projects that are moving along nicely. Those assets should be completed and in service by 2018.

Growth is also coming through acquisitions. The company recently announced a US\$13 billion deal to purchase Texas-based **Columbia Pipeline Group**, which gives TransCanada an instant pipeline network in the prolific Marcellus and Utica shale gas formations.

TransCanada plans to increase the dividend by 8-10% per year through 2020. The current quarterly payout yields 4.6%.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:TRP (TC Energy Corporation)

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## Author

aswalker

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