3 Top Stock Picks for Income Investors

Description

If you're an income investor looking to add a stock to your portfolio, then you've come to the right place. I've scoured the market and compiled a list of three stocks with high and safe yields up to 7.1%, so let's take a quick look at each to determine if you should invest in one of them today.

1. Cineplex Inc.

Cineplex Inc. (TSX:CGX) is the largest owner and operator of movie theatres in Canada. It owns or leases 163 theatres from coast to coast that serve approximately 77 million guests annually.

It pays a monthly dividend of $0.135 per share, or $1.62 per share annually, which gives its stock a yield of about 3.15% at today's levels.

It's also important to make two notes.

First, Cineplex has raised its annual dividend payment for five consecutive years, and its two hikes since the start of 2015, including its 4% hike in May 2015 and its 3.8% hike earlier this month, have it on pace for 2016 to mark the sixth consecutive year with an increase.

Second, I think the company's very strong growth of free cash flow, including its 59.6% year-over-year increase to a record $0.696 per share in the first quarter of 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

2. Sienna Senior Living Inc.

Sienna Senior Living Inc. (TSX:SIA) is one of the leading providers of senior living and care services in Ontario and British Columbia. It owns and operates 35 long-term care facilities and 11 retirement communities across the two provinces that serve over 6,500 residents.

It pays a monthly dividend of $0.075 per share, or $0.90 per share annually, which gives its stock a yield of about 5.2% at today's levels.

It's also important to make two notes.

First, Sienna has maintained its current annual dividend rate since 2013.

Second, I think the company's strong growth of adjusted funds from operations (AFFO), including its 10.7% year-over-year increase to $0.361 per share in the first quarter of 2016, and its low payout ratio, including 62.3% of its AFFO in the first quarter compared with 69% in the year-ago period, could allow it to raise its dividend when it reports its second-quarter earnings results in August.

3. Callidus Capital Corp.

Callidus Capital Corp. (TSX:CBL) is one of North America's leading providers of innovative and creative financing solutions for companies that are not able to obtain adequate financing from conventional lenders.

It pays a monthly dividend of $0.0833 per share, or $1.00 per share annually, which gives its stock a yield of about 7.1% at today's levels.

It's also important to make two notes.

First, Callidus initiated its dividend in 2015, and its 42.9% hike earlier this month has it on pace for 2016 to mark the first year in which it has raised its annual dividend payment.

Second, I think the company's very strong inflow of cash from operating activities, including $138.8 million in the first quarter of 2016, its growing loan portfolio, including its 41.9% year-over-year increase to an average of $1.23 billion in the first quarter, and its very high 19.4% gross yield on its outstanding loans, which will generate significant cash flows going forward, will allow 2016 to mark the starting point to an extensive streak of annual dividend increases.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

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