



The Instant 3-Stock Portfolio for Income Investors

Description

Building an income portfolio is not difficult, but it does require quite a bit of research and an understanding of the market. I've done the necessary research and compiled a list of three stocks from different industries with high and safe dividend yields, active streaks of annual increases, and the ability to continue to grow their payouts over time, so let's take a quick look at each to determine if you should buy them to form your instant three-stock income portfolio.

1. Canadian Apartment Properties REIT

Canadian Apartment Properties REIT ([TSX:CAR.UN](#)) is one of Canada's largest residential landlords, serving over 47,400 families across the country through its ownership interests in apartments, townhomes, and manufactured home communities.

It currently pays a monthly distribution of \$0.10166 per share, or \$1.22 per share annually, giving its stock a yield of approximately 4% at today's levels.

It's also important to make two notes.

First, Canadian Apartment Properties has raised its annual distribution for four consecutive years, and its 3.4% hike in May 2015 has it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, the company has a long-term target payout range of 70-80% of its normalized funds from operations (NFFO), so I think its consistent growth, including its 4.1% year-over-year increase to \$0.409 per share in the first quarter of 2016, its reduced payout ratio, including 75.8% of its NFFO in the first quarter compared with 77.8% in the year-ago period, and its growing asset base will allow its streak of annual distribution increases to continue going forward.

2. Pembina Pipeline Corp.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) is a pure-play energy infrastructure company with assets serving the oil and natural gas industries across Canada and North Dakota.

It currently pays a monthly dividend of \$0.16 per share, or \$1.92 per share annually, giving its stock a yield of approximately 5.1% at today's levels.

It's also important to make two notes.

First, Pembina has raised its annual dividend payment for four consecutive years, and its two hikes since the start of 2015, including its 4.9% hike in March, have it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, I think the company's consistent growth of operating cash flows, including its 6.3% year-over-year increase to an adjusted \$2.53 per share in 2015, and its growing fee-for-service asset base, including the \$740 million worth of assets that have been commissioned so far in 2016, will allow its streak of annual dividend increases to continue for many years to come.

3. Boston Pizza Royalties Income Fund

Boston Pizza Royalties Income Fund ([TSX:BPF.UN](#)) owns the Boston Pizza trademarks in Canada, and it licenses these trademarks for use in operating and franchising casual dining restaurants.

It currently pays a monthly distribution of \$0.115 per share, or \$1.38 per share annually, giving its stock a yield of approximately 7.4% at today's levels.

It's also important to make two notes.

First, Boston Pizza has raised its annual distribution for four consecutive years, and its two hikes since the start of 2015, including its 6.2% hike in February, have it on pace for 2016 to mark the fifth consecutive year with an increase.

Second, the company has a target payout of 100% of its distributable cash, so I think its consistent growth, including its 11.5% year-over-year increase to \$0.32 per share in the first quarter of 2016, and its growing royalty pool, including its addition of six restaurants over the last year to bring the total number of restaurants in its royalty pool to 372, will allow its streak of annual distribution increases to continue for the next several years.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)

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Author

jsolitro

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