



## 2 Income Stocks I'd Buy in My TFSA Today With an Extra \$5,500

### Description

Canadian investors sometimes find themselves with a bit of extra cash to invest.

The money could come from tax refund, a gift, or simply the result of a rebalancing of the investment portfolio. Regardless of the source, a good way to use the funds is to invest in dividend-paying stocks.

Here are the reasons why I think investors looking to get some income from their windfall should consider **Inter Pipeline Ltd.** (TSX:IPL) and **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)).

### Inter Pipeline

Inter Pipeline transports 15% of western Canada's conventional oil production and 35% of oil sands output. The company also has a liquids storage business and a natural gas liquids (NGL) extraction group.

Most investors are giving energy names a wide berth, but Inter Pipeline is putting up some solid numbers despite the troubles in the oil and gas sector.

The oil sands assets generated Q1 2016 funds from operations (FFO) of \$186 million, up 7% from the same period last year. The company is expected to see stronger throughput in the back half of this year and in 2017 as three new projects go into service.

The conventional oil segment is also performing well. First-quarter FFO jumped 7% to \$50 million on strong results from the company's infrastructure located in Saskatchewan's Viking oil play.

In Europe, Inter Pipeline saw utilization rates in the storage business hit 98% in the first three months of the year. New acquisitions and organic growth helped drive FFO to \$31.3 million, up 53% from Q1 2015.

The NGL extraction business is struggling. First-quarter FFO fell to \$23.6 million compared to \$28.7 million last year.

Overall, the business is in good shape and investors should see further gains in the stock as the energy sector recovers.

Inter Pipeline raised the monthly dividend last November to 13 cents per share. The distribution currently yields 5.7%.

## Shaw

Shaw is in the middle of a major transition, and many investors are sitting on the sidelines to see how things shake out.

Shaw recently purchased Wind Mobile in a move that surprised many analysts because the company had long maintained it wasn't going to get sucked into the Canadian mobile game and even sold off some very valuable spectrum before making the Wind Mobile move.

The change in strategy comes as Shaw realizes it has to have a mobile offering to compete on a level playing field with the other major players in the industry. Canadians like getting their TV, Internet, and mobile services from a single operator in discounted bundles and the lack of a mobile business was hurting Shaw's TV and Internet segments.

In order to pay for the mobile move, Shaw sold its media assets to **Corus Entertainment**. The deal provides much-needed capital and eliminates content risk at a time when Canada is shifting to a pick-and-pay system for TV subscriptions.

Shaw pays a safe monthly dividend with a yield of 4.8%. Once the dust settles on the transition process, I think the stock will move higher.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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