Start Your Income Portfolio With These +4% Yielders

Description

Building an income-based portfolio is not difficult, but it does require quite a bit of research and an understanding of the market. Fortunately for those of you who are looking to build an income-based portfolio today, I've done the necessary research and selected two stocks with high and safe dividend yields, active streaks of annual increases, and the ability to continue growing their payouts going forward, so let's take a quick look at each to determine if you should buy one or both of them today.

1. CI Financial Corp.

CI Financial Corp. (TSX:CIX) is one of Canada's largest wealth management firms and investment fund companies with approximately $149.8 billion in assets under management and advisement as of July 31. Its subsidiaries include CI Investments Inc., Assante Wealth Management, Stonegate Private Counsel, and First Asset Capital Corp.

CI currently pays a monthly dividend of $0.115 per share, representing $1.38 per share on an annualized basis, which gives its stock a very high yield of about 5.3% at today's levels. This yield is also very safe when you consider that its free cash flow totaled $291.1 million and its dividend payments totaled just $182.8 million in the first half of 2016, resulting in a sound 62.8% payout ratio.

It's also important for investors to make the following two notes about CI's dividend.

First, its two dividend hikes since the start of 2015, including its 4.5% hike in May of this year, have it on pace for 2016 to mark the seventh consecutive year in which it has raised its annual dividend payment.

Second, its strong free cash flow generation, including the aforementioned $291.1 million in the first half of 2016, and the growing value of its assets under management and advisement, including its 2.8% year-over-year increase to $149.77 billion as of July 31, which will lead to higher management fees, could allow its streak of annual dividend increases to continue going forward.

2. Parkland Fuel Corp.

Parkland Fuel Corp. ([TSX:PKI](#)) is one of North America's largest and fastest-growing marketers of fuel and petroleum products. It delivers gasoline, diesel, propane, lubricants, heating oil, and other high-quality petroleum products to motorists, businesses, households, and wholesale customers across Canada and the United States through its subsidiaries, which include Sparlings Propane, Bluewave Energy, Island Petroleum, Columbia Fuels, Farstad Oil, Superpumper, and Elbow River Marketing.

Parkland currently pays a monthly dividend of $0.0945 per share, representing $1.134 per share on an annualized basis, which gives its stock a high yield of about 4.6% at today's levels. This yield is also very safe when you consider that its adjusted distributable cash flow totaled $76.15 million and its dividend payments totaled just $53.93 million in the first half of 2016, resulting in a sound 70.8% payout ratio.

It's also important for investors to make the following two notes about Parkland's dividend.

First, its two dividend hikes since the start of 2015, including its 5% hike in March of this year, have it on pace for 2016 to mark the third consecutive year in which it has raised its annual dividend payment.

Second, its increased amount of distributable cash flow, including its 24.9% year-over-year increase to an adjusted $76.15 million in the first half of 2016, its reduced payout ratio, including 71.3% in the first half compared with 76.7% in the year-ago period, and its ongoing acquisition activity, including its acquisition of the On the Run/Marché Express convenience store franchise system from Imperial Oil in March, which is expected to close in October, could allow its streak of annual dividend increases to continue for many years to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CIX (CI Financial)
2. TSX:PKI (Parkland Fuel Corporation)

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2016/08/09
Author
jsolitro

Footer Tagline