



2 Stocks With +7% Yields to Buy for Income

Description

Savvy investors are turning to monthly dividend stocks to supplement their income, because savings accounts, Guaranteed Investment Certificates (GICs), and bonds simply don't offer yields anywhere close to what can be earned in the stock market.

With this in mind, let's take a closer look at why **Artis Real Estate Investment Trust** ([TSX:AX.UN](https://www.artisreit.com)) and **Veresen Inc.** (TSX:VSN) are great investment options for income investors today.

Artis Real Estate Investment Trust

Artis is one of Canada's largest diversified REITs. As of June 30, it owns and operates 263 office, industrial, and retail properties, comprising of approximately 27.1 million square feet located across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and select markets in the United States.

Its portfolio currently has a 93.5% occupancy rate, a tenant roster including a number of government and other investment-grade tenants, and a stable lease expiry profile, providing it with a stable cash flow stream, the majority of which is returned to its shareholders in the form of monthly distributions.

Artis currently pays a monthly distribution of \$0.09 per unit, representing \$1.08 per unit on an annualized basis, giving its stock a very generous 8.3% yield at today's levels.

A yield this high may cause some investors to cast doubt on its stability, but it's actually very easy to confirm its safety; all you have to do is check Artis's cash flow. In the first half of 2016, its adjusted funds from operations (AFFO) after adjustments totaled \$88.5 million (\$0.63 per unit), and its distributions totaled just \$76.18 million (\$0.54 per unit), resulting in a healthy 86.1% payout ratio.

Artis is also a very reliable income provider. It has maintained its current monthly distribution rate since June 2008, and I think its consistently strong AFFO generation as a result of its high occupancy rate and creditworthy tenant base, including the aforementioned \$88.5 million it generated in the first half of 2016, and its growing property portfolio, including its addition of 11 net new properties and approximately 900,000 square feet so far in 2016, will allow it to continue to do so for another eight years at least.

Veresen Inc.

Veresen is one of the North America's leading owners and operators of energy infrastructure. Its assets include a natural gas pipeline, an ethane pipeline, a natural gas liquids extraction facility, gas-processing facilities, gas-fired, run-of-river, wind, and waste heat power-generation facilities, a district energy system, and an ethane storage facility that is under construction.

Its assets are located across Canada and the United States and are supported by long-term take-or-pay or fee-for-service contracts with its customers, which results in stable and predictable cash flow, and this allows it to pay monthly dividends to its shareholders.

Veresen currently pays a monthly dividend of \$0.0833 per share, representing \$1.00 per share on an annualized basis, which gives its stock a lavish 7.65% yield today.

It's also very easy to confirm the safety of Veresen's dividend, because it provides a cash flow metric called "distributable cash" in its earnings reports, so all you have to do is make sure that its dividend payments do not exceed its distributable cash. In the first half of 2016, its distributable cash totaled \$175 million (\$0.57 per share), and its dividend payments totaled just \$152 million (\$0.50 per share), resulting in a solid 86.9% payout ratio.

Like Artis REIT, Veresen is a very reliable income provider. It has maintained its current annual dividend rate since 2007, and I think its strong generation of distributable cash as a result of its largely contracted asset base, including the \$1.03-1.13 per share it expects to generate in the full year of 2016, and its expansion plans, including its \$1.4 billion of contracted capital projects that are under construction and will be commissioned through 2018, will allow it to continue to do so for the next decade at least.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:AX.UN (Artis Real Estate Investment Trust)

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