

2 Monthly Dividend Stocks for Income Investors

Description

If you're an income investor with cash on hand that you're ready to put to work, then you've come to the right place.

Let's take a closer look at why **Parkland Fuel Corp.** ([TSX:PKI](#)) and **Crombie Real Estate Investment Trust** ([TSX:CRR.UN](#)) would make great additions to your portfolio today.

Parkland Fuel Corp.

Parkland is one of the leading providers of gasoline, diesel, propane, lubricants, heating oil, and other high-quality petroleum products to motorists, businesses, consumers, and wholesale customers in Canada and the United States. Its brands include Sparlings Propane, Nord-Ouest, Bluewave Energy, Island Petroleum, Columbia Fuels, Farstad Oil, Superpumper Stations, Pioneer Energy, Fas Gas Plus, Race Trac, and Elbow River Marketing.

It currently pays a monthly dividend of \$0.0945 per share, representing \$1.134 per share on an annualized basis, and this gives its stock a generous 3.7% yield today.

As Foolish investors, we know we must always check the safety of a stock's yield before investing; this is very easy to do with Parkland, because it provides a cash flow metric called "distributable cash flow" in its earnings reports, so all you have to do is make sure that its dividend payments are less than or equal to its distributable cash flow. In the first half of 2016, its adjusted distributable cash flow totaled \$76.15 million (\$0.80 per share), and its dividend payments totaled just \$53.93 million (\$0.57 per share), resulting in a healthy 70.8% payout ratio.

In addition to having a high and safe yield, Parkland has shown a dedication to growing its dividend. It has raised its annual dividend payment for three consecutive years, and its recent hikes, including its 5% hike in March, have it on pace for 2016 to mark the fourth consecutive year with an increase.

I think Parkland's strong financial performance, including its 9.6% year-over-year increase in distributable cash flow to an adjusted \$0.80 per share in the first half of 2016, and its ongoing acquisition activity, including its acquisition of the majority of **CST Brands Inc.**'s Canadian business and assets for \$965 million, which is expected to close in the first quarter of 2017 and be immediately accretive to its distributable cash flow, will allow its streak of annual dividend increases to continue through 2020 at least.

All in all, Parkland has a high and safe dividend yield, a track record of dividend growth, and the ability to continue growing its dividend going forward, making it one of the best long-term investment options for income investors today.

Crombie Real Estate Investment Trust

Crombie is one of Canada's largest owners and managers of commercial real estate. Its portfolio

consists of 284 predominantly retail properties, comprising of approximately 19.4 million square feet located across all 10 provinces.

Its portfolio currently has a very high 94.1% occupancy rate, a predominantly investment-grade tenant base, and an average remaining lease term of 13.8 years, which provides it with a stable cash flow stream, almost all of which is returned to its shareholders in the form of monthly distributions.

Crombie currently pays a monthly distribution of \$0.07417 per unit, representing \$0.89 per unit on an annualized basis, giving its stock a lavish 6% yield today.

It's easy to confirm the safety of Crombie's distribution by checking its cash flow. In the first half of 2016, its adjusted funds from operations (AFFO) totaled \$63.48 million (\$0.48 per unit), and its distributions totaled just \$59.86 million (\$0.45 per unit), resulting in a sound 94.3% payout ratio.

Crombie is also a very reliable income provider. It has maintained its current monthly distribution rate since May 2008, and I think its consistent AFFO generation, including \$0.96 per unit in fiscal 2015 and \$0.48 per unit in the first half of 2016, will allow it to continue to do so for another eight years at least.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CRR.UN (Crombie Real Estate Investment Trust)
2. TSX:PKI (Parkland Fuel Corporation)

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