



2 Monthly Dividend Stocks for Any Investor

Description

One way to generate a steady income stream is to invest in stocks that pay dividends on a monthly basis.

Let's take a closer look at why **Choice Properties Real Est Invstmnt Trst** ([TSX:CHP.UN](#)) and **Keg Royalties Income Fund** ([TSX:KEG.UN](#)) should be two of your top picks for income today.

Choice Properties REIT

Choice Properties REIT is one of Canada's largest owners, managers, and developers of commercial real estate. Its focus is on food- and drug-anchored shopping centres and stand-alone stores, and its portfolio currently consists of 529 properties, comprising of approximately 42.5 million square feet of gross leasable area (GLA) located across the country.

Choice's portfolio sports a 98.8% occupancy rate, a weighted-average remaining lease term of 11 years, and a creditworthy principal tenant in **Loblaw**, which occupies 89.1% of its GLA, all of which results in stable cash flow and allows it to pay monthly distributions to its shareholders.

Choice currently pays a monthly distribution of \$0.059167 per unit, representing \$0.71 per unit on an annualized basis, giving its stock a 5.1% yield today.

As Foolish investors, we know we must always confirm the safety of a stock's dividend before investing, and this is very easy to do with Choice by checking its cash flow. In the first half of 2016, its adjusted funds from operations (AFFO) totaled \$0.407 per unit, and its distributions totaled just \$0.335 per unit, resulting in a very healthy 82.3% payout ratio.

On top of having a high and safe yield, Choice has been growing its distribution. It has raised its distribution twice this year, including a 3.1% hike in January and a 6% hike in July, putting it on pace for 2016 to mark the first year in which it has raised its annual distribution since its initial public offering in 2013.

I think Choice's consistently strong AFFO growth, including its 6.5% year-over-year increase to \$0.407

per unit in the first half of 2016, and its growing portfolio, including its addition of 10 net new properties so far in 2016, will allow 2016 to mark the starting point to an extensive streak of annual distribution increases, making it one of the best long-term investment options in the real estate industry today.

Keg Royalties Income Fund

Keg Royalties Income Fund ("The Fund") is the owner of The Keg rights, which are the trade names, trademarks, operating procedures, and other intellectual property used in the operation of The Keg restaurants in Canada and the United States. The Fund licenses these rights to Keg Restaurants Ltd. in return for a monthly royalty payment equal to 4% of the gross sales from the restaurants in its Royalty Pool, which currently has 100 restaurants.

It's important to highlight the fact that The Fund's royalty is based on the gross sales of the restaurants in its Royalty Pool and not the bottom-line profits, which means it is not affected by the variability of expenses associated with operating restaurants.

The Fund currently pays a monthly distribution of \$0.0918 per unit, representing \$1.1016 per unit on an annualized basis, which gives its stock a yield of about 5.1% today.

It's very easy to confirm the safety of The Fund's distribution, because it provides a cash flow metric called "distributable cash" in its earnings reports. In the first half of 2016, its distributable cash totaled \$0.595 per unit, and its distributions totaled just \$0.53 per unit, resulting in an 89.1% payout ratio, which is below its target of 100%.

Since its payout ratio was well below its target of 100% in the first half, The Fund raised its distribution by 2% in August. This was the second time it raised its distribution in 2016 and the fifth time since the start of 2015, putting it on pace for 2016 to mark the second consecutive year in which it has raised its annual distribution.

I think The Fund's very strong growth of distributable cash, including its 9.4% year-over-year increase to \$0.595 per unit in the first half of 2016, will allow its streak of annual distribution increases to continue in 2017 and beyond, making it one of the best high-yield and distribution-growth plays in the restaurant industry today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:KEG.UN (Keg Royalties Income Fund)

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