



2 Top Income Stocks Yielding Over 6%

Description

As income investors, we want to own stocks with high and reliable distributions, and the best ones to buy are those that can also grow their payouts over time.

With this in mind, let's take a closer look at why **Boston Pizza Royalties Income Fund** ([TSX:BPF.UN](#)) and **First National Financial Corp.** ([TSX:FN](#)) would make great additions to your portfolio today.

Boston Pizza Royalties Income Fund

Boston Pizza Royalties Income Fund, or "The Fund" for short, owns the trademarks and other intellectual properties associated with the Boston Pizza brand in Canada, and it licenses these properties to Boston Pizza Inc. for use in operating and franchising restaurants in exchange for a royalty of 5.5% of sales. As of September 30, there are 372 restaurants in its royalty pool.

The Fund currently pays a monthly distribution of \$0.115 per share, representing \$1.38 per share on an annualized basis, giving its stock a whopping 6.2% yield today.

As savvy investors, we know we must always confirm the safety of a stock's yield before investing, and this is very easy to do with The Fund, because it provides a metric called "distributable cash" in its earnings reports. In the first nine months of 2016, its distributable cash totaled \$21.25 million (\$1.047 per unit), and its distributions totaled \$20.88 million (\$1.028 per unit), resulting in a sound 98.2% payout ratio.

On top of having a high and safe yield, The Fund has a reputation for growing its distribution. It has raised its annual distribution for four consecutive years, and this streak will officially reach five following the payment of its November and December distributions.

I think The Fund's consistently strong growth of distributable cash, including its 3.4% year-over-year increase to \$1.047 per unit in the first nine months of 2016, and its growing royalty pool, including its addition of six net new restaurants so far in 2016, could allow its streak of annual distribution increases to continue through 2020 at the very least.

First National Financial Corp.

First National is the parent company of First National Financial LP, which is Canada's largest non-bank originator and underwriter of mortgages. As of September 30, it has approximately \$98.6 billion in mortgages under administration.

It currently pays a monthly dividend of \$0.141667 per share, representing \$1.70 per share on an annualized basis, and this gives its stock a very generous 6.5% yield today.

As mentioned before, it's very important to always confirm the safety of a stock's dividend, and you can do this with First National by checking its earnings. In the first nine months of 2016, its net earnings attributable to common shareholders totaled \$125.89 million, and its dividend payments totaled just \$73.46 million, resulting in a conservative 58.4% payout ratio.

In addition to having a high and safe yield, First National has a reputation for growing its dividend, just like The Fund. It too has raised its annual dividend payment for four consecutive years, and its streak will rise to five following the payment of its November and December dividends.

I think First National's very strong operational performance, including its 99.6% year-over-year increase in net income attributable to common shareholders to \$125.89 million and its 6.4% year-over-year increase in mortgages under administration to \$98.57 billion in the first nine months of 2016, could allow its streak of annual dividend increases to continue for another five years at least.

Is one a better buy than the other?

The Fund and First National both have high and safe yields over 6%, track records of growing their dividends, and the ability to continue growing their dividends going forward, making them strong buys in my book; therefore, if I had to choose just one to invest in today, I'd simply flip a coin.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:FN (First National Financial Corporation)

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