



## 2 Income Stocks Yielding 4-9% to Buy for 2017 and Beyond

### Description

If you're interested in supplementing your income in 2017 by investing in monthly dividend stocks, then you've come to the right place. Let's take a closer look at two high-quality stocks with yields up to 8.1% that you could buy right now.

#### Parkland Fuel Corp.

**Parkland Fuel Corp.** ([TSX:PKI](#)) is one of the leading providers of gasoline, diesel, propane, lubricants, heating oil, and other high-quality petroleum products to businesses and consumers across Canada and the U.S. Its portfolio of brands includes Sparlings Propane, Nord-Ouest, Bluewave Energy, Farstad Oil, Superpumper Stations, Pioneer Energy, Fas Gas Plus, and Race Trac.

Parkland currently pays a monthly dividend of \$0.0945 per share, representing \$1.134 per share on an annualized basis, giving its stock a beautiful 4.1% yield today.

It's of the utmost importance to always confirm the safety of a stock's dividend before investing, and this is very easy to do with Parkland, because it provides a metric called "distributable cash flow (DCF)" in its earnings reports. In its nine-month period ended on September 30, its adjusted DCF totaled \$109.4 million (\$1.15 per share), and its dividend payments totaled just \$81.6 million (\$0.85 per share), resulting in a rock-solid 74.6% payout ratio.

Not only does Parkland offer a high and safe yield, but it also offers dividend growth. Fiscal 2016 officially marks the fourth consecutive year in which it has raised its annual dividend payment, and its 5% hike back in March has it positioned for 2017 to mark the fifth consecutive year with an increase.

I think Parkland's dividend-growth potential is very promising going forward as well. Its very strong growth of adjusted DCF, including its 14.4% year-over-year increase in the first nine months of 2016, and the additional growth that will come from its \$965 million acquisition of the majority of **CST Brands, Inc.'s** Canadian assets, which is expected to close in the first quarter of 2017, will allow its streak of annual dividend increases to continue through 2025 at the very least.

## **Veresen Inc.**

**Veresen Inc.** (TSX:VSN) is a major owner and operator of energy infrastructure in North America. Its portfolio of assets includes 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, and a district energy system.

Veresen pays a monthly dividend of \$0.0833 per share, representing \$1.00 per share on an annualized basis, and this gives its stock a massive 8.1% yield today.

As mentioned previously, it's very important to always confirm the safety of a stock's dividend, and this is very easy to do with Veresen because it too provides a DCF metric in its earnings reports. In its nine-month period ended on September 30, its DCF totaled \$276 million (\$0.90 per share), and its dividend payments totaled just \$230 million (\$0.75 per share), resulting in a very healthy 83.3% payout ratio.

On top of having a high and safe yield, Veresen is known as being a very reliable income provider. It has maintained its current annual dividend rate since 2007, and I think its consistently strong generation of DCF, including its projected \$1.12-1.16 per share in 2016 and its projected \$1.00-\$1.14 per share in 2017, will allow it to continue to do so for another decade.

### **Is one a better buy than the other?**

I think both Parkland Fuel and Veresen represent great long-term investment opportunities for income investors. With this being said, I do not prefer one to the other, so I'd either buy both or flip a coin to pick between them.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:PKI (Parkland Fuel Corporation)

### **PARTNER-FEEDS**

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### **Date**

2025/09/05

### **Date Created**

2016/12/21

### **Author**

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