



2 Income Stocks Yielding Over 4% to Buy for 2017 and Beyond

Description

If you want to start earning monthly dividend income in 2017, then you've come to the right place. Let's take a closer look at two high-quality income stocks with yields over 4% that you could add to your portfolio today.

Choice Properties REIT

Choice Properties Real Est Invstmnt Trst ([TSX:CHP.UN](#)) is one of the largest commercial REITs in Canada. Its portfolio consists of 535 predominantly retail properties totaling approximately 43.3 million square feet of gross leasable area located across the country.

Choice currently pays a monthly distribution of \$0.059167 per unit, representing \$0.71 per unit on an annualized basis, and this gives its stock a rich 5.3% yield at today's levels.

It's of the utmost importance to always confirm the safety of a stock's yield, especially when it exceeds 4%, and you can do this with Choice by checking its cash flow. In its nine-month period ended on September 30, its adjusted funds from operations (AFFO) totaled \$0.606 per unit, and its distributions totaled just \$0.5125 per unit, resulting in a sound 84.6% payout ratio.

In addition to its high and safe yield, Choice has been growing its distribution. It has increased its distribution twice in the last 14 months, including a 3.1% hike that was effective for its January distribution and a 6% hike that was effective for its July distribution, which puts it on pace for 2017 to mark the second consecutive year in which it has raised its annual distribution.

I think Choice's distribution-growth potential is very promising going forward as well. I think its consistently strong AFFO growth, including its 5.2% year-over-year increase to \$0.606 per unit in the first nine months of 2016, and its growing property portfolio, including its addition of 16 net new properties and approximately 1.3 million square feet of gross leasable area so far in 2016, will allow its streak of annual distribution increases to continue through 2020 at the very least.

Ag Growth International Inc.

Ag Growth International Inc. ([TSX:AFN](#)), or AGI for short, is one of the world's leading manufacturers and distributors of portable and stationary grain handling, storage, and conditioning equipment. Its portfolio of brands includes Westfield, Batco, Wheatheart, TRAMCO, Grain Guard, REM, Entringer, Westeel, Union Iron, FRAME, Twister, and AIRLANCO.

AGI pays a monthly dividend of \$0.20 per share, representing \$2.40 per share on an annualized basis, giving its stock a lavish 4.5% yield today.

As mentioned previously, it's very important to confirm the safety of a stock's dividend, and you can do this with AGI by checking its cash flow. In its nine-month period ended on September 30, its funds from operations (FFO) totaled \$47.83 million, and its dividend payments totaled just \$26.43 million, resulting in a very healthy 55.3% payout ratio.

On top of having a high and safe yield, AGI has a reputation for being a very reliable income provider. It has maintained its current monthly dividend rate since November 2010, and I think its very strong FFO growth, including its 32.9% year-over-year increase to \$47.83 million in the first nine months of 2016, and its ongoing acquisition activity, including its acquisitions of Entringer S.A. and NuVision Industries in March, Mitchell Mill Systems in July, and Yargus in November, will allow it to continue to do so for decades to come.

Is one a better buy today?

I think both Choice Properties REIT and AGI represent great long-term investment opportunities for income investors, but if I had to choose just one to invest in today, I'd go with Choice because it has a higher yield and a track record of growing its distribution.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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1. TSX:AFN (Ag Growth International)
2. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)

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