



2 Top Stocks Yielding up to 6.1% to Buy for Income

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 two stocks with high and safe yields up to 6.1% that you could add to your portfolio today.

Canadian REIT

Canadian REIT (TSX:REF.UN), or CREIT for short, is one of Canada's largest diversified real estate investment trusts. Its portfolio consists of 198 industrial, retail, office, and development properties totaling approximately 25.3 million square feet of gross leasable area across eight provinces and Illinois, U.S.A.

CREIT currently pays a monthly distribution of \$0.1525 per unit, representing \$1.83 per unit on an annualized basis, which gives its stock a generous 3.9% yield today.

It's very important to always confirm the safety of a stock's distribution before making an investment, especially if you're a retiree that's relying on stocks for the bulk of your monthly income, and you can do this with CREIT by checking its cash flow. In its nine-month period ended on September 30, its adjusted funds from operations (AFFO) totaled \$1.98 per unit, and its distributions totaled just \$1.363 per unit, resulting in a conservative 68.8% payout ratio.

Not only does CREIT offer a high and safe income stream, but it's also the top distribution-growth play in its industry. Fiscal 2016 officially marks the 15th consecutive year in which it has raised its annual distribution, and its 1.7% hike in May has it positioned for fiscal 2017 to mark the 16th consecutive year with an increase.

I think CREIT's distribution-growth potential is very promising going forward as well. I think its very strong financial performance, including its 6.5% year-over-year increase in AFFO to \$1.98 per unit in the first nine months of 2016, and its conservative payout ratio, including 68.8% in the first nine months of 2016 compared with 71.5% in the same period in 2015, could allow its streak of annual increases to continue for the next decade.

Boston Pizza Royalties Income Fund

Boston Pizza Royalties Income Fund ([TSX:BPF.UN](#)), or “The Fund” for short, indirectly owns the trademarks and trade names used by Boston Pizza restaurants in Canada. It licenses these properties to Boston Pizza International Inc. in return for a royalty of 5.5% of sales at the restaurants in its royalty pool, which is comprised of 383 restaurants as of today.

The Fund currently pays a monthly distribution of \$0.115 per unit, representing \$1.38 per unit on an annualized basis, giving its stock a succulent 6.1% yield today.

As mentioned previously, it's very important to confirm the safety of a stock's distribution before investing, and this is very easy to do with The Fund, because it provides a cash flow metric called distributable cash in its earnings reports. In its nine-month period ended on September 30, its distributable cash totaled \$1.047 per unit, and its distributions totaled \$1.028 per unit, resulting in a sound 98.2% payout ratio, which is right around its target of 100%.

Like CREIT, The Fund offers distribution growth in addition to its very high and safe yield. Fiscal 2016 officially marks the fifth consecutive year in which it has raised its annual distribution, and its 6.2% hike in February has it on pace for fiscal 2017 to mark the sixth consecutive year with an increase.

I think you can count on The Fund for distribution growth beyond 2017 too. I think its 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 that will help fuel future growth, including its addition of 13 new restaurants on January 1, will allow its streak of annual distribution increases to continue through 2020 at the very least.

Should you prefer one to the other?

CREIT and The Fund both offer high, safe, and growing income streams, but if I had to choose just one to invest in today, I'd go with The Fund because it has a much higher yield and similar growth prospects going forward.

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1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)

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