

## 2 Reliable Income Stocks Yielding 4-6%

### Description

As savvy income investors, we're always on the lookout for high-quality stocks that can boost our portfolios' returns.

Let's take a closer look at why **Vermilion Energy Inc.** ([TSX:VET](#))([NYSE:VET](#)) and **Sienna Senior Living Inc.** ([TSX:SIA](#)) are two of the best income opportunities in their respective industries today.

#### **Vermilion Energy Inc.**

Vermilion is an international oil and gas exploration and production company with operations across Europe, North America, and Australia.

Vermilion pays a monthly dividend of \$0.215 per share, representing \$2.58 per share on an annualized basis, which gives its stock a juicy 4.6% yield today.

It's of the utmost importance to confirm the safety of a stock's dividend before investing, especially if you're a retiree that will be relying on it to supplement your income, and you can do this with Vermilion by checking its cash flow. In its nine-month period ended on September 30, 2016, its fund flows from operations (FFO) totaled \$361.21 million (\$3.14 per share), and its dividend payments totaled just \$222.97 million (\$1.935 per share), resulting in a sound 61.7% payout ratio.

Vermilion is also known as being one of the most reliable income providers in the oil and gas industry, because it has paid monthly dividends uninterrupted and without reduction since September 2003 and maintained its current monthly rate since January 2014.

I think investors can continue to rely on Vermilion for a safe stream of monthly income going forward as well. I think its very strong FFO generation, including its projected \$4.32 per share in fiscal 2016, its projected \$5.51 per share in fiscal 2017, and its projected \$5.76 per share in fiscal 2018, will allow it to continue to maintain its current monthly dividend rate for decades, or allow it to announce a hike in the near future.

#### **Sienna Senior Living Inc.**

Sienna is one of Canada's largest owners and operators of senior housing communities and the largest licensed provider of long-term care in Ontario. It also provides management and consulting services to other operators in the senior-living industry.

Sienna pays a monthly dividend of \$0.075 per share, representing \$0.90 per share on an annualized basis, and this gives its stock an impressive 5.4% yield today.

As mentioned previously, you must always confirm the safety of a stock's dividend before buying shares, and you can do this with Sienna by checking its cash flow. In its nine-month period ended on September 30, 2016, its adjusted funds from operations (AFFO) totaled \$1.136 per share (\$43.88

million), and its dividend payments totaled just \$0.675 per share (\$23.36 million), resulting in a conservative 59.4% payout ratio.

Like Vermilion Energy, Sienna is known as being one of the most reliable income providers in its industry, because it has paid out monthly dividends uninterrupted and without reduction since its initial public offering in March 2010 and maintained its currently monthly rate since December 2012.

I think Sienna's very strong AFFO growth, including its 10.8% year-over-year increase to \$1.136 per share in the first nine months of 2016, and its greatly improved payout ratio, including 59.4% in the first nine months of 2016 compared with 65.9% in the same period in 2015, will allow it to continue to maintain its current monthly dividend rate for the foreseeable future or allow it to announce a hike whenever its management team so chooses.

### **Should you prefer one to the other?**

Vermilion Energy and Sienna Senior Living both have high and safe yields and promising dividend-growth potential going forward, making them strong buys for income investors. With this being said, I do not prefer one to the other, so take a closer look and see which you think would be the best fit for your portfolio today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

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1. NYSE:VET (Vermilion Energy)
2. TSX:VET (Vermilion Energy Inc.)

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