4 Great Income Producers for Your Portfolio

Description

Investors are often told to diversify investments across a broad section of the economy and with both growth and income-producing stocks. While, in theory, this sounds simple enough, the number of options available to investors can lead to unnecessary confusion and complexity.

For investors looking to balance growth with income-producing potential, here are four core holdings for just about any type of portfolio.

Cineplex Inc.

Cineplex Inc. (TSX:CGX) is the largest movie theatre chain in the country. Cineplex does a whole lot more than movies, however, as the company has branched out into several lucrative innovations that leverage existing theatre space to draw in more revenue.

From new VIP seating and menu dining to hosting gaming events, Cineplex has gone far and beyond the movie and popcorn niche, becoming a full-fledged entertainment company.

What makes Cineplex a great investment? Apart from the alternative takes on the traditional business model, which have been wildly successful, Cineplex has an impressive portfolio of theatres that continue to garner a huge amount of traffic.

In terms of a dividend, Cineplex offers investors a monthly dividend of $0.135 per share, which, at the current stock price, provides a respectable 3.16% yield.

Cineplex currently trades just over $51 and has a P/E of 40.93.

Telus Corporation

Telus Corporation (TSX:T)(NYSE:TU) is the third-largest wireless carrier in the nation and also provides an expanding network of subscription-based internet and TV services.

In the most recent quarter, Telus had strong growth of 127,000 new net post-paid additions across all its subscription services — a 17% year-over-year increase. Furthermore, Telus's churn rate remains an industry best, remaining below 1% for three consecutive years. Telus also noted that the ARPU for clients continues to grow, most recently by 3.9% to $66.24.

Telus pays a quarterly dividend of $0.48 per share, which, at the current stock price, results in a yield of 4.37%. Telus has a long history of increasing the dividend, and management noted recently that a dividend increase of 7-10% is targeted for 2017.

Canadian National Railway Company

With a yield of just 1.74%, you might question why I opted to include **Canadian National Railway Company**

(TSX:CNR)(NYSE:CNI) on this list. Canadian National recently increased the quarterly dividend by 10% to $0.4125 per share, but that's not the sole reason for including Canada's largest railroad.

Railroads are vital to bringing raw materials and goods to the market, and Canadian National is the only railroad on the continent that has access to three different coasts. Along that sprawling 32,000 km network, Canadian National is within reach of 75% of the population.

When factoring in the immense defensive moat that surrounds a railroad of this size, the potential of the stock as a steady (yet growing) income producer and growth option starts to materialize.

In terms of efficiency, Canadian National has an industry-best 56.6% operating ratio and hauls over $250 billion worth of goods every year; that's part of the reason Canadian National has been able to raise its dividend for 17 consecutive years and is likely to continue to doing so for the next few years.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) may not be the largest of Canada's big banks, but Bank of Montreal has a few unique factors to set it apart from its peers.

First, Bank of Montreal is diversified very well with more branches in the U.S. market than in Canada. This is thanks to some great acquisitions the bank has made over the years, beginning with the Marshall Ilsley Corporation deal back in 2010 which essentially doubled the size of Bank of Montreal's footprint and deposits in the U.S.

More recently, the acquisition of Greene Holcombe Fisher, an investment advisory firm, greatly expands the potential for Bank of Montreal to draw in additional revenue on an advisory basis.

In terms of a dividend, Bank of Montreal pays a quarterly dividend in the amount of $0.88 per share, which provides a very healthy 3.47% yield. Additionally, Bank of Montreal has regularly increased that dividend over the years, and, based on the most recent results, that trend is likely to continue well into the future.

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