



TFSA Investors: 2 Income Stocks to Score a 6% Yield

Description

Canadians are searching for opportunities to boost their investment income.

One way to do this is to hold REITs and dividend stocks inside the Tax-Free Savings account (TFSA).

Let's take a look at **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks.

RioCan

RioCan own interests in more than 300 retail properties across Canada.

The malls are situated on prime real estate and tend to hold anchor tenants that are some of Canada's top retail names.

Online shopping is hitting some sectors of the retail industry, but calls for the demise of the brick and mortar stores are probably a bit exaggerated, and RioCan continues to see strong demand for its retail space.

Management has done a good job of reducing debt in anticipation of rising interest rates. The company's leverage ratio is down to about 40%, making it one of the lowest-levered REITs in Canada.

Occupancy remains robust and the payout ratio is falling, so all the key metrics are moving in the right direction.

On the development front, RioCan has interests in 15 new retail projects and is in the beginning stages of its plan to build up to 10,000 residential units over the next decade at its top urban sites.

RioCan pays a monthly distribution of 11.75 cents per unit. That provides an annualized yield of 5.4%.

Altagas

Altagas recently announced an agreement to purchase U.S.-based **WGL Holdings** for \$8.4 billion.

The deal is expected to close in 2018 and should boost annual earnings by 8% through 2021. As a result, management expects to see cash flow increase enough over that time frame to support dividend hikes of at least 8% per year.

In addition to the acquisition, Altagas has a number of organic growth projects on the go. The company is very active in British Columbia with new NGL assets being built in the Montney play as well as a new propane-export terminal in Prince Rupert.

Altagas also has renewable energy assets, including the landmark battery-storage facility in California.

The stock has pulled back on the WGL news, giving investors an opportunity to pick up the shares at an attractive price.

The current monthly dividend provides a yield of 6.8%.

The bottom line

Both companies offer attractive payouts that should be safe. An equal investment in the two would provide a yield of more than 6%. That's pretty sweet in the current environment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/10/02

Date Created

2017/03/08

Author

aswalker

default watermark