



2 Excellent Income Stocks for Any Investor

Description

As income investors, we want to own stocks with high and reliable distributions, and the best ones to buy are those that can also grow their distributions over time. With this in mind, let's take a look at two excellent stocks that you could buy right now.

Inter Pipeline Ltd.

Inter Pipeline Ltd. (TSX:IPL) owns and operates one of the world's largest portfolios of energy infrastructure assets. Its portfolio includes conventional oil pipelines, oil sands pipelines, natural gas liquids pipelines, offgas extraction facilities, and fractionation plants in Canada, and petroleum and petrochemical storage terminals in the U.K., Denmark, Sweden, Ireland, and Germany.

Inter Pipeline currently pays a monthly dividend of \$0.135 per share, equal to \$1.62 per share on an annualized basis, giving its stock a yield of about 5.8% today.

Not only is Inter Pipeline a bonafide high yielder, but it's also one of the energy sector's best dividend-growth stocks. It has raised its annual dividend payment for eight consecutive years, including a compound annual growth rate of approximately 9% since 2012, and its 3.8% hike in November has positioned for 2017 to mark the ninth consecutive year with an increase.

I think Inter Pipeline will continue to be one of the energy sector's best dividend-growth stocks going forward. I think its double-digit percentage growth of funds from operations (FFO) attributable to shareholders, including its 34% year-over-year increase to \$733.1 million in 2015 and its 11.4% year-over-year increase to \$816.8 million in 2016, the ongoing improvement of its dividend-payout ratio, including 66% of its FFO in 2016 compared with 67.8% in 2015 and 77.3% in 2014, and its growing asset base will allow its streak of annual dividend increases to continue into the late 2020s at least.

InterRent Real Estate Investment Trust

InterRent Real Estate Investment Trust ([TSX:IIP.UN](#)) is one of the largest residential landlords in Ontario and Quebec through its ownership of medium-sized multi-family residential properties in mid-sized population markets. As of December 31, 2016, it owns and manages a portfolio of 8,059

residential suites.

InterRent currently pays a monthly distribution of \$0.02025 per unit, equal to \$0.243 per unit on an annualized basis, and this gives its stock a yield of about 3.1% today.

InterRent may not have the highest yield in the REIT industry, but like Inter Pipeline, it offers distribution growth. It has raised its annual distribution each of the last five years, and its 5.2% hike in November has it positioned for 2017 to mark the sixth consecutive year with an increase.

I think InterRent can continue to grow its distribution in 2018 and beyond as well. I think its consistently strong growth of adjusted funds from operations (AFFO), including its 9.3% year-over-year increase to \$0.305 per unit in 2015 and its 9.8% year-over-year increase to \$0.335 per unit in 2016, and its ever-improving payout ratio, including 69.2% of its AFFO in 2016 compared with 72.4% in 2015 and 72.6% in 2014, will allow its streak of annual distribution increases to continue for another five years at least.

Which of these top income stocks belong in your portfolio?

Inter Pipeline and InterRent REIT offer growing streams of monthly income, making them strong buys in my book. Take a closer look at each and strongly consider investing in one or both of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)

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