

## 2 Stocks With 4-6% Yields I'd 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 yields over 5% that you could add to your portfolio today.

#### RioCan Real Estate Investment Trust

**RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) is one of the largest owners and managers of commercial real estate in Canada. As of December 31, 2016, its portfolio consisted of 300 properties totaling about 47 million square feet of gross leasable area across the country.

RioCan pays a monthly distribution of \$0.1175 per unit, equal to \$1.41 per unit on an annualized basis, which gives it a yield of about 5.4% today.

In addition to being a high yielder, RioCan is known as being a very reliable income stock. It has paid distributions uninterrupted and without reduction since 1994, and it has maintained its current monthly distribution rate since January 2013.

I think RioCan will continue to provide its unitholders with a reliable stream of monthly income going forward as well. I think its adequate AFFO generation, including \$1.50 per unit in 2014, \$1.57 per unit in 2015, and \$1.54 per unit in 2016, its sound AFFO payout ratio, including 91.4% in 2016, and the ongoing improvement of its occupancy rate, including 95.6% at the conclusion of 2016 compared with 94% at the conclusion of 2015, will allow it to continue to maintain its current monthly distribution rate for decades.

#### A and W Revenue Royalties Income Fund

**A and W Revenue Royalties Income Fund** ([TSX:AW.UN](#)), or "The Fund" for short, indirectly owns the trademarks and trade names used by the A&W restaurant brand in Canada, which is the country's second-largest quick-service hamburger restaurant chain. It licenses these properties to A&W Food Services of Canada for use in operating restaurants in exchange for a royalty of 3% of sales at the 861 restaurants in its royalty pool.

The Fund currently pays a monthly distribution of \$0.133 per unit, equal to \$1.596 per unit on an annualized basis, which gives its stock a yield of approximately 4.05% at today's levels.

Although The Fund's yield is not as high as RioCan's, it has shown a stronger dedication to growing its distribution in recent years. It has raised its annual distribution for two consecutive years, and its two hikes in the last 12 months, including its 4% hike in May 2016 and its 2.3% hike in July 2016, have it positioned for 2017 to mark the third consecutive year with an increase.

I think The Fund will continue to grow its distribution in the future. I think its continued growth of distributable cash, including its 7.2% year-over-year increase to \$1.559 per unit in 2015 and its 1.2%

year-over-year increase to \$1.577 per unit in 2016, and its growing royalty pool, which will drive future growth of distributable cash, including its addition of 24 net new restaurants in 2016 and its addition of 23 net new restaurants in January of this year, will allow its streak of annual distribution increases to continue in 2018 and beyond.

### **Which of these income stocks belongs in your portfolio?**

I think RioCan and A and W represent fantastic long-term investment opportunities for income investors, so take a closer look and strongly consider investing in at least one of them today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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