

## 2 Excellent Income Stocks Yielding up to 6.1%

### Description

If you're interested in supplementing your income by investing in monthly dividend stocks, then I've got two that you will love. Let's take a closer look at each, so you can determine if you should buy one or both of them today.

#### Morguard Real Estate Investment Trust

**Morguard Real Estate Inv.** ([TSX:MRT.UN](#)) is one of the largest owners and managers of commercial real estate in Canada. As of December 31, 2016, its portfolio consisted of 49 properties, including 28 office and industrial properties and 21 retail properties, located across six provinces that total approximately 8.72 million square feet of gross leasable area.

Morguard pays a monthly distribution of \$0.08 per unit, equal to \$0.96 per unit on an annualized basis, and this gives it a yield of about 6.1% today.

It's of the utmost importance to always confirm the safety of a stock's distribution before making an investment, especially if you'll be relying on it to supplement your income, and you can do this with Morguard by checking its distributions as a percentage of its adjusted funds from operations (AFFO). In its fiscal year ended on December 31, 2016, its AFFO totaled \$1.26 per unit, and its distributions totaled just \$0.96 per unit, resulting in a very conservative 76.2% payout ratio.

In addition to being a high and safe yielder, Morguard should be viewed as one of the most reliable income providers in the real estate industry, because it has paid monthly distributions uninterrupted and without reduction since January 2005 and maintained its current monthly rate since March 2012.

I think Morguard will continue to be a reliable income provider going forward as well. I think its consistently ample AFFO generation, including \$1.28 per unit in 2014, \$1.28 per unit in 2015, and \$1.26 per unit in 2016, and its consistently conservative payout ratio, including 75% in 2014, 75% in 2015, and 76.2% in 2016, will allow it to continue to maintain its current monthly distribution rate for the foreseeable future.

#### Shaw Communications Inc.

**Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) is an enhanced connectivity provider. It provides consumers and businesses with products and services such as broadband internet, WiFi, video, telephony, fleet tracking, enterprise colocation, cloud computing, security, and compliance, and its family of brands includes Shaw, Freedom Mobile, and ViaWest.

Shaw currently pays a monthly dividend of \$0.09875 per share, equal to \$1.185 per share on an annualized basis, and this gives it a yield of approximately 4.2% today.

As mentioned previously, it's very important to confirm the safety of a stock's dividend, and you can do this with Shaw by checking its dividend payments as a percentage of its free cash flow (FCF). In its six-

month period ended on February 28, its FCF totaled \$305 million, and its dividend payments totaled just \$191 million, resulting in a sound 62.6% payout ratio.

On top of being a high and safe yielder, Shaw is a dividend-growth star. It has raised its annual dividend payment in each of the last 13 years. I think its strong FCF growth, including its 4.8% year-over-year increase to \$305 million in the first half of fiscal 2017, its improved payout ratio, including 62.6% in the first half of fiscal 2017 compared with 78.8% in the full year of fiscal 2016, and its strong accumulation of cash, including its 53.1% increase so far in fiscal 2017 to \$620 million, will allow its streak to continue in 2017 and beyond, starting with a slight hike when it reports its third-quarter earnings results in late June or early July.

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

I think Morguard REIT and Shaw Communications represent fantastic long-term investment opportunities for investors seeking monthly income, so take a closer look at each and strongly consider making at least one of them a core holding today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:MRT.UN (Morguard Real Estate Investment Trust)
3. TSX:SJR.B (Shaw Communications)

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