



## 2 Stocks With Yields of 5-8% to 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 high-quality income stocks with yields of 5-8% that you could add to your portfolio right now.

#### Atrium Mortgage Investment Corp.

**Atrium Mortgage Investment Corp.** ([TSX:AI](#)) is one of Canada's largest non-bank mortgage lenders. It provides creative financing solutions to the real estate communities in Ontario, Saskatchewan, Alberta, and British Columbia. As of February 8, it had a portfolio of 197 mortgages that total approximately \$535.25 million at a weighted average yield of 8.5%.

Atrium currently pays a monthly dividend of \$0.073333 per share, equal to \$0.88 per share on an annualized basis, and this gives its stock a yield of about 7.2% today.

A 7.2% yield may cause some investors to question its stability, but you can easily confirm the safety of Atrium's dividend by checking its dividend payments as a percentage of its earnings. In its fiscal year ended on December 31, 2016, its earnings and total comprehensive income totaled \$0.97 per share, and its regular dividend payments totaled just \$0.86 per share, resulting in a sound 88.7% payout ratio.

In addition to offering a high and safe yield, Atrium offers dividend growth. It has raised its annual dividend payment in each of the last three years, and its 2.3% hike in January has positioned it for 2017 to mark the fourth consecutive year with an increase.

If a high, safe, and growing dividend were not enough to have you salivating over Atrium, then the fact that it also pays out a special dividend in February of each year to ensure that 100% of its earnings and total comprehensive income during the previous fiscal year is paid out to its shareholders will. It has paid out special dividends totaling \$0.31 per share for the last four years, including \$0.05 per share for 2013, \$0.07 per share for 2014, \$0.09 per share for 2015, and \$0.10 per share for 2016, which have amplified shareholder returns.

I think Atrium's consistent growth of earnings and total comprehensive income, including its 3.3% year-

over-year increase to \$0.94 per share in 2015 and its 3.2% year-over-year increase to \$0.97 per share in 2016, will allow it to continue to increase its regular and special dividend payments into the 2020s at least, making it a fantastic long-term investment opportunity for income investors, in my opinion.

## Smart REIT

**Smart REIT** ([TSX:SRU.UN](#)) is one of the largest owners and managers of commercial real estate in Canada. As of December 31, 2016, its portfolio consisted of 152 properties, including 142 retail properties, one office property, one mixed-use property, and eight development properties, which are located across all 10 provinces and total approximately 31.94 million square feet of gross leasable area.

Smart REIT currently pays a monthly distribution of \$0.1417 per unit, equal to \$1.70 per unit on an annualized basis, giving its stock a yield of about 5.2% today.

You can confirm the safety of Smart REIT's yield by checking its distributions as a percentage of its adjusted funds from operations (AFFO), which is a key financial metric in the REIT industry. In its fiscal year ended on December 31, 2016, its AFFO totaled \$325.96 million (\$2.10 per unit), and its distributions totaled \$259.1 million (\$1.67 per unit), resulting in a 79.5% payout ratio, which was at the exact middle of its target range of 77-82%.

Like Atrium, Smart REIT offers distribution growth in addition to its high and safe yield. It has raised its annual distribution for three consecutive years, and its 3% hike that took effect in October 2016 has it positioned for 2017 to mark the fourth consecutive year with an increase.

I think Smart REIT is a top pick for growing income going forward too. I think its very strong AFFO growth, including its 8.2% year-over-year increase to \$1.99 per unit in 2015 and its 5.5% year-over-year increase to \$2.10 per unit in 2016, and the ongoing improvement of its payout ratio, including 79.8% in 2016 compared with 81.1% in 2015 and 84.7% in 2014, will allow its streak of annual distribution increases to continue for another four years at least, making it a great pick for income investors today.

## Which of these top income stocks should you buy today?

I think Atrium and Smart REIT represent great long-term investment opportunities for income investors, so take a closer look at each and strongly consider adding at least one of them to your portfolio today.

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1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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