

Income on Steroids: These 3 Stocks Yield at Least 6%

Description

Who wouldn't like a little more income? I know I sure would.

Most experts have plenty of worthwhile tips on how to make extra money. You can pick up more hours at work or negotiate a raise. Or you can start a side hustle — flexible work that can be done on your own time.

Those are fine and good, but there's always a limit to work. To really supercharge your net worth, you'll have to start investing in passive sources of income. It doesn't get much more powerful than making money while you sleep.

There are essentially two ways to build up a passive-income empire. The first is to invest in companies that are growing their dividends. This results in less income today but the potential for more in the future. Or investors can invest in mature companies that pay succulent dividends today.

If you're a fan of the latter, this is for you. Here are three great Canadian stocks with fantastic dividends.

Acadian Timber

Acadian Timber Corp. ([TSX:ADN](#)) is the second-largest timberland operator in New Brunswick and Maine, owning 1.1 million acres of land in the two jurisdictions. It also provides management services relating to approximately 1.3 million acres of Crown-licensed timberlands.

Last year's results were strong. Free cash flow came in at \$19.4 million for 2016 — or \$1.16 per share — while EBITDA was \$22.5. The payout ratio was 86% at the end of 2016, and the current payout is \$0.28 per share each quarter. That's enough for a 6.2% yield.

Acadian investors should be concerned about the latest softwood lumber dispute between Canada and the United States, but the company's strong Maine operations make this less of an issue than it would be for competitors who only have assets in Canada.

Enbridge Income Fund

While the parent company gets all the attention, **Enbridge Income Fund Holdings Inc.** (TSX:ENF) investors are quietly collecting a much higher yield.

Thanks to the parent company's well-documented plan to sell off some of its assets to its subsidiary, as well as an ambitious organic growth plan, Enbridge Income Fund investors are assured the company will continue to grow. The parent also has an 87% interest in the subsidiary, meaning it's just as invested in the long-term success of the company as regular shareholders.

Enbridge Income Fund paid out \$252 million to shareholders in 2016, giving it a payout ratio of 87%. The company has also pledged to increase the dividend by approximately 10% annually through 2019.

That's terrific news for a stock that already yields 6.2% today.

Alaris Royalty

Alaris Royalty Corp. (TSX:AD) is the kind of business that's easy to understand. It provides financing for mature businesses by using non-voting preferred shares. This allows the business to run without interference, and non-voting preferred shares are tax efficient for the receiving company.

Naturally, some of these deals will go bad. Alaris is currently dealing with three partners who have deferred distributions back to the company. About 18% of the portfolio is impacted, but the good news is that even without this income the company should be able to afford its dividend. In addition, Alaris has nearly \$30 million in cash on its balance sheet. Investors shouldn't have to worry about Alaris cutting its 7.5% yield.

The beauty of Alaris is the scalability of its operations. There are millions of businesses in both Canada and the United States that will eventually need financing. Alaris just needs to capture a fraction of that market to continue growing.

The bottom line

Canada is filled with great dividend stocks. A portfolio of Acadian Timber, Enbridge Income Fund, and Alaris Royalty currently yields 6.6%, which certainly beats any traditional fixed-income sources. Start building your passive-income empire with these three stocks today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:ADN (Acadian Timber Corp.)

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Date

2025/07/06

Date Created

2017/04/28

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