

TFSA Investors: 2 Canadian Income Stocks With Yields Above 5.5%

Description

Canadian income investors are searching for high-yield stocks to add to their TFSA portfolios.

Let's take a look at **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be interesting picks today.

RioCan

RioCan has interests in about 300 retail properties across Canada.

Many of the company's anchor tenants are big-name grocery stores, pharmacies, discount retailers, and chains that sell everyday household goods.

These businesses tend to fare better in difficult economic times than some of the other discretionary-spending sectors and are less affected by online shopping.

Demand for RioCan's space remains strong, and the company has new developments on the go that should boost revenue in the coming years. One interesting project is a plan to build up to 10,000 residential units at its top urban locations over the course of the next decade.

Concerns about rising interest rates have resulted in an 8% drop in the unit price over the past year. Rates will increase, but the market might be overestimating the pace of the moves.

RioCan pays a monthly distribution of 11.75 cents per share. That's good for an annualized yield of 5.6% at the current unit price.

IPL

IPL is not always the first name investors think about when considering an energy infrastructure pick for their portfolios, but that might begin to change.

The company has a diversified revenue stream coming from natural gas liquids (NGL) processing assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

Difficult times present opportunities, and IPL's management team has taken advantage of the downturn in the energy sector to make strategic acquisitions to position the company for growth. This includes a \$1.35 billion deal last year to purchase two NGL extraction facilities and related infrastructure from **The Williams Companies**. In addition, IPL has more than \$3 billion in development projects under consideration that could be completed and in service by the end of 2021.

IPL is down 10% in 2017, as investors continue to reduce exposure to the broader energy market. Times are tough in the oil patch, but IPL continues to deliver solid results and has raised its dividend every year through the downturn.

The company pays a monthly dividend of \$0.135 per share for a yield of 6%. The last quarterly payout ratio was 61%, so there is ample room for dividend increases.

Is one more attractive?

Both names offer monthly payouts that should be safe.

IPL provides a higher yield and will probably deliver stronger distribution growth in the medium term. As such, I would likely make the energy infrastructure company the first choice today.

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