3 Great Options to Diversify and Add Monthly Income

Description

With the TSX being very up and down this year (and a YTD negative position overall), there have not been a lot of opportunities in the market for growth. One way an investor can adapt to a situation like this is to build a diverse set of stocks that have growth potential, pay a strong dividend, and offer some diversification.

In the short term, dividends can help to offset some of the losses by adding some monthly income. All of the stocks below offer monthly dividends.

Corus Entertainment Inc. (TSX:CJR.B), which is owned in large part by **Shaw Communications**, owns 39 radio stations and 45 specialty channels, including Disney, History, HGTV, National Geographic, and many others. The company has not ventured much in the way of online streaming, and so there is still a large opportunity for growth when that inevitably happens, since the vast majority of its channels are not available to cord cutters.

The stock offers a very attractive dividend of 8.7%; however, EPS has not been strong in recent quarters, so the payout ratio percentage is of concern. But given that Corus has a solid history of +10 years of paying monthly dividends and regularly increasing them as well, I'd imagine the company would want to keep that going as long as possible.

And taking into consideration the recent acquisition of Shaw Media, Corus may be in no hurry to free up excess cash in a situation where the benefits from the acquisition are yet to be fully realized.

Inter Pipeline Ltd. (TSX:IPL) has not offered a dividend for as long a time as Corus—only since 2013. However, during that time, Inter Pipeline managed to not only maintain the dividend, but the company increased it as well—and that was during the downturn in oil prices.

As a percentage of funds from operations, the most recent payout ratio was 60%, suggesting that the high dividend of 6.5% is not in any immediate risk. And with the stock recently hitting a new 52-week low, Inter Pipeline presents an opportunity for growth.

Smart REIT (TSX:SRU.UN), is a real estate investment trust with occupancy rates of 98%.Its largest tenant is **Wal-Mart**, which makes up more than a quarter (26%) of total revenue. Smart REIT's top 10 tenants account for almost 50% of revenues and include other big names such as **Canadian Tire**, Winners, **Loblaw**, **Lowe's**, and many others. Equally important, the recently troubled **Sears** is not one of Smart REIT's major tenants.

Using funds from operations, this stock has a payout ratio of about 80%, which also suggests a strong viability to continue, as REITs typically have higher payouts than other stocks.

These are all options that present strong dividends and strong growth opportunities. They offer a way to add to your monthly dividends while diversifying your risk in a very up-and-down Canadian market.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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