



Monthly Income: 2 Dividend Stocks Yielding up to 7%

Description

For many retirees, matching their monthly expenses with a stable and dependable monthly income is a main concern.

As the economy changes and many traditional sources of income vanish, it's become very important for the working class to build their own income-producing portfolios that are big enough to provide them with stable monthly income at the time of their retirement.

Let's find out if **H&R Real Estate Investment Trust** ([TSX:HR.UN](#)) and **Inter Pipeline Ltd.** (TSX:IPL) are among the safest high-yielding stocks that offer high monthly dividends.

H&R Real Investment Trust

H&R is one of Canada's largest diversified REITs managing office, retail, residential, and industrial spaces.

Despite its strong financial position, well-diversified property portfolio, and improving performance, H&R's stock is down about 8% in the past year.

Offering a dividend yield of about 6.5%, H&R provides a decent opportunity for investors who are looking to add stocks that pay monthly dividends.

Some analysts, including Dean Wilkinson of CIBC World Markets Inc., believe that H&R stock is trading at an "unwarranted and deep discount" of about 22% to the net asset value of its property portfolio.

H&R is currently paying a \$0.115-a-share monthly distribution, which has not been raised since November last year. But with a manageable payout ratio of 74% of the estimated funds from operations for the 2017 financial year, there is a good chance that H&R will increase its distribution in the days to come, especially when the fast-improving Canadian economy will create more rental demand.

Inter Pipeline

Inter Pipeline stock has fallen about 20% in the past year as oil prices have remained weak.

But this is a classic example of being guilty by association. If you look at Inter Pipeline's operations, they're very diversified. These assets include pipelines transporting oil from Canadian oil sands, natural gas processing plants, and the bulk liquid storage facilities.

This diversification provides a great hedge to IPL's cash flows from cyclical variations in the price of energy products. About 82% of IPL's EBITDA come from cost-of-service and fee-based contracts.

With a dividend yield of ~7%, IPL's stock provides a very attractive return and a potential of future growth to investors seeking monthly income.

Despite a very challenging operating environment in the energy space, IPL has managed to provide 14 consecutive dividend increases and 9% annual compound dividend growth during the past five years.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:HR.UN (H&R Real Estate Investment Trust)

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Date

2025/08/27

Date Created

2017/09/05

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