2 Top Dividend Stocks Yielding Over 6% for Income-Hungry Investors

Description

Historically low interest rates, which have existed for almost a decade, are weighing heavily on the yields of traditional income-producing instruments, such as bonds. This has sparked a hunt for yield that has boosted the popularity of stable dividend-paying stocks among income-focused investors. Using such stocks to create a secure, regularly recurring passive-income stream has long been recognized as one of easiest paths to achieving investing success.

Let's take a closer look at two stocks paying regular income with very attractive yields in excess of 6%.

TransAlta Renewables (TSX:RNW)

The ongoing fight against global warming and climate change is acting a powerful tailwind for renewable energy stocks. While **Brookfield Renewable Partners** attracts the lion's share of attention from investors seeking exposure to the clean energy industry, TransAlta Renewables offers an attractive alternative, particularly when its juicy dividend yield of almost 7% is considered. The electric utility has installed capacity of 2,407 megawatts (MW), which is 54% weighted to wind power, 5% to hydro, 1% to solar, and the remaining 41% to natural gas-fired plants.

TransAlta Renewables reported some credible first-quarter 2019 results. This included a 5% year-over-year increase in EBITDA to $116 million and a healthy 15% lift in net income to $76 million.

Recent acquisitions coupled with growing efficiencies and a pipeline of projects under development will drive earnings higher over the course of 2019. TransAlta Renewables expects 2019 EBITDA to expand by up to 6% year over year to $430 million, while adjusted funds from operations and cash for distribution will remain flat. That will enhance the sustainability of TransAlta Renewable's dividend, which some pundits fear isn't maintainable because of a 102% payout ratio.

Nonetheless, when it is considered that the dividend represented 82% of distributable cash flow in 2018, it does appear sustainable.

Northwest Healthcare REIT (TSX:NWH.UN)

An aging population and the extended life span of baby boomers has created an ever-growing demand for aged healthcare. This will act as a powerful tailwind for healthcare providers and related industries, such as Northwest, which owns a globally diversified portfolio of healthcare properties across Canada, Brazil, Australia, and the Netherlands.

There are 158 properties with almost 12 million square feet of gross leasable area in that portfolio, which, at the end of the first quarter 2019, had an occupancy rate of 96.8%. For that period, net operating income grew by 4% year over year to $69 million, while adjusted funds from operations remained flat at $25 million.

Disappointingly, Northwest reported a net loss of $54 million compared to a profit of $14.5 million for the same period a year earlier. The key driver of that loss was a marked increase in non-cash financing costs associated with fair-value adjustments, rather than any operational failings.

Northwest's 2019 earnings will grow after it completed a $1.2 billion deal that added 11 freehold Australian hospital properties, and the purchase of a German healthcare facility worth $51 million.

The REIT's appeal as an investment is underscored by its regular monthly distribution, which has a very attractive yield of 6.7%. Despite the distribution having a payout ratio of 101% adjusted funds from operations, it appears sustainable because of growing earnings.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/21
Date Created
2019/05/16

Author
mattdsmith