TFSA Investors: 3 Top Stocks to Generate Reliable Monthly Income

Description

Pensioners and other income investors are searching for REITs and dividend stocks that can offer decent yield and provide a reliable stream of cash flow to help cover living expenses.

Stocks come with risk, but they also provide better returns than fixed income and a shot at some upside in the share price.

Zero risk with high yield would be great, and a year ago it looked like GIC rates were finally headed to levels that might warrant a shift to the no-risk alternatives. However, a reversal in the bond market and the decision by central banks to halt interest rate hikes has put an end to the GIC rebound. In fact, a five-year GIC that paid 3.5% last fall is now offered for about 2.2%.

Let's take a look at three companies that might be interesting monthly-income picks for your portfolio today.

Shaw Communications

Shaw Communications (TSX:SJR.B)(NYSE:SJR) made a huge strategy shift when it decided to buy Wind Mobile to enter the wireless market. Shaw renamed the business Freedom Mobile and has spent the past three years investing in network upgrades to create a national wireless competitor.

The latest quarterly results show the company is making good progress, adding more than 61,000 new wireless subscribers. Total company revenue rose 2.7% compared to the same period last year and free cash flow increased 5.4% to $176 million.

Shaw's monthly dividend provides an annualized yield of 4.4%.

RioCan

RioCan Real Estate Investment Trust (TSX:REI.UN) is also shifting focus. The company is monetizing up to $2 billion in properties located in secondary markets and is using proceeds to buy back trust units, strengthen the balance sheet, and fund mixed-use developments in six core Canadian cities.

The first projects that combine retail and residential space are moving along as expected, and investors should see cash flow expand as the portfolio grows in the coming years. RioCan's traditional shopping mall assets are still performing well and continue to attract top-quality tenants. No client accounts for more than 5% of revenue and the tenants come from a broad range of sectors in the retail industry.

RioCan's distribution provides a yield of 5.4%.

Inter Pipeline

Inter Pipeline (TSX:IPL) is the contrarian pick in the group. The stock is down amid the sell-off in the energy sector, but the pullback might be overdone. The company's pipeline, storage, and natural gas processing operations provide a balanced revenue stream. Volatility in the market can have an impact on the commodity-based operations, but a weak quarter in one group can be offset by strength in the other divisions.

IPL has a $3.5 billion development on the go that is expected to generate additional annual EBITDA of at least $450 million starting in late 2021. The 2018 payout ratio was about 60%, do the dividend is easily covered. IPL has raised its distribution in each of the past 10 years.

Investors who buy today can pick up a yield of 7.9%.

The bottom line

Shaw, RioCan, and IPL all appear reasonably priced today and offer attractive dividends that should be safe. An equal investment across the three stocks would generate an average yield of 5.9%.

CATEGORY

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TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:SJR.B (Shaw Communications)

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