Yield Alert: Lock In This 11.5% Dividend by October 30

Description

I believe one of the biggest investing opportunities currently being ignored by the vast majority of investors is the growth in long-term care for seniors.

I'm not just talking about the extra assistance folks need as they enter their final days. This trend will include seniors moving to retirement homes. It'll include them taking out reverse mortgages to try and convert their primary residence into income. It might even include things like an increase in convenience store usage. After all, folks who can't walk very well don't want to navigate a big-box store just to get some milk and eggs.

The way I'd recommend investors play this trend is to go straight to the most obvious source. Investing in long-term care facilities and seniors housing is a long-term game, but one I'm confident works out great in 15-25 years. The secret is to find investments that pay generous dividends, as a way of rewarding patient investors who wait for the real boom times.

I have just the stock for you. It's poised to take advantage of an aging population, all while paying out a succulent 11.5% dividend. No, that's not a typo. The yield is really that good.

But you'll want to lock in this opportunity today. Who knows if the stock will be this cheap in time for next month's payout?

Enter Invesque

Invesque (TSX:IVQ)(TSX:IVQ.U) is a U.S.-based operator of medical real estate, with the portfolio split into three parts. The company owns medical office buildings, seniors housing, and skilled nursing facilities throughout the United States and a little up here in Canada. Together, the portfolio consists of 124 properties, with approximately half of net operating income coming from the skilled nursing portfolio, 40% coming from seniors housing, and the rest coming from medical office buildings.

Invesque has been a growth machine since its 2016 IPO, as it consolidates some of the incredibly fragmented medical real estate market in the United States. Marquee acquisitions include a US$340 million deal that saw it buy 20 properties in the eastern part of the U.S. and a US$425 million purchase of Care Investment Trust — a deal that added 42 properties to the portfolio.

In fact, the company has added more than 50% to its asset base since the IPO. This gives it one of the best growth rates in the entire REIT universe, even including U.S. REITs.

Yet, despite this, Invesque shares are down more than 30% from the IPO price and are currently flirting with a fresh 52-week low. What gives?

The opportunity

One thing pushing down shares has been disappointing results on a per-share basis.

Through the first two quarters of 2019, Invesque has generated US$0.39 per share in adjusted funds from operations. In the same period last year, the company generated US$0.49 per share. This is despite the top line growing significantly.

It's easy to see why investors are disappointed. It shows a lack of discipline on the acquisition front.

While this is bad news for investors who have held for a while, it's great news for folks who are looking to get in today. The company is on pace to generate US$0.78 per share in adjusted funds from operations in 2019. The current stock price on the TSX is US$6.41. That gives us a very cheap price-to-adjusted funds from operations ratio of just 8.2 times.

Shares are also cheap on a price-to-book value basis, with that ratio currently at 0.7 times.

The dividend

Through the first six months of 2019, Invesque has a dividend-payout ratio right around 100% of adjusted funds from operations. That's not ideal.

The good news is the cash payout ratio is much lower, checking in at approximately 75%. This is because Invesque offers a dividend-reinvestment plan that gives investors an incentive to take their dividends in the form of new shares.

This means the 11.5% yield is safe, at least for now. But I'd like to see better results before declaring the dividend as rock solid.

If you're looking to lock in this yield today, make sure you do so by October 30. That will make you eligible for this month's dividend, which is paid on November 15.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:IVQ.U (Invesque Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/09/10
Date Created
2019/10/15
Author
nelsonpsmith