

The background of the top half of the page is a photograph of the Sydney Opera House at night. The building is illuminated with warm lights, and its reflection is visible in the water. The city skyline is visible in the background, with many lights from buildings and streets. The sky is a mix of purple and blue.

THE TOP-3 DIGEST

TOP 3 INCOME STOCKS - SHARES IN VALUE

GR Engineering (ASX: GNG)

DIVIDEND YIELD: 9.31%

GR Engineering Services is an engineering consultant that mining, and oil & gas firms can hire for services such as engineering design and construction. Once GNG has been contracted, they will take their client through the entire project life cycle – from evaluations and study to design, construction, and operational support. In a nutshell, they are a one stop shop consulting solution for firms in the mining industry.

GNG has been able to successfully increase its pipeline of ongoing and near term prospective projects by being awarded significant contracts across a broad base of commodities, including precious metals, base metals, and industrial minerals. The past few years have been characterised by heightened project operations across both the mineral processing and oil and gas services businesses. The materials and mining industry is booming and companies have kept production at maximum levels and have consistently invested in new projects to further bolster their production capacity. This has benefited the mining services industry and GNG has been a direct benefactor.

The narrative going forward is the same. We will continue to see mining activities at a high and this generates a lot of tailwinds for GNG. With a strong pipeline, GNG's revenues and profits will continue to be bolstered. The dividends are exceptional and have been continuously growing every year. This is a top quality dividend stock for income chasers!



Hotel Property Investments (ASX: HPI)

DIVIDEND YIELD: 5.47%

Hotel Property Investments is a real estate company and as the name suggests, they invest and own hotels and pubs across Australia. They have a straight-forward business model – where they acquire new properties and lease them out – generating revenue.

The Group leases its investment properties to tenants, including the attached liquor and gaming licenses, under a long-term operating agreement with rentals payable monthly, contributing to a steady cash flow. Over the last five years, HPI has grown its total assets at a steady rate of 14.5%, whilst its net income grew at an impressive CAGR of almost 43% in the same period. Unlike most real estate investment firms, HPI is well-positioned to continue offering cash distributions whilst achieving long-term growth. The company has protected itself against market risks, such as during a high-interest rate cycle by avoiding exposure to borrowings with interest charged on a variable basis.

Underpinned by high quality tenants and long dated leases, HPI has reliably achieved earnings growth since FY19 at an impressive CAGR of 62.47%, which will continue to support consistent dividend distribution going forward. The Company also has a decade track record of achieving Dividend Per Share (DPS) growth. Since FY17, HPI has gradually increased its DPS from 13 cents to 20.5 cents in FY22, representing a DPS CAGR of 8%. Income investors cannot go wrong with HPI.



Bisalloy Steel (ASX: BIS)

DIVIDEND YIELD: 6.13%

If you've followed Malcolm Turnbull, you would have heard of this one. Bisalloy is Australia's only producer of high-quality steel that can be used in defence (think armoured trucks, combat armour, and the like). They are also used by BHP, Rio Tinto, Fortescue, and others for mine construction.

There is a plethora of industries that Bisalloy caters to. They have been around for over 40 years, operating under the radar and only really grabbed headlines when the man in the leather jacket decided to take a majority stake in the company (~6%). Since then, Bisalloy has gone on to restructure its management and business model – moulding it to do one thing – generate stacks of cash and pay its shareholders for their belief.

The value of a local manufacturer and supplier has been highlighted by currently disrupted global supply chains and the war in Ukraine. Despite high supply chain costs and other headwinds, Bisalloy has been growing its top and bottom line. Earnings per Share increased over 60% recently, and shareholders benefitted handsomely. With these cost pressures easing and inflation coming down, Bisalloy is in line to have a very good 2023. To sum up, Bisalloy offers exposure to a high quality Aussie business that is renowned for its products. They have highly stable cash flows and dividend distributions - making it a quality pick for income investors.