



Want Monthly Income? These 3 Small Caps Have Yields of 5-7%

Description

If you want or need monthly income, then you've come to the right place. I've scoured the market and selected three of my favourite small-cap stocks that pay dividends on a monthly basis and have high and safe yields of 5-7%, so let's take a quick look at each to determine which would be the best fit for your portfolio.

1. Pure Industrial Real Estate Trust

Pure Industrial Real Estate Trust (TSX:AAR.UN) is one of the largest owners and operators of industrial property in Canada and the United States with 169 properties that total approximately 17.35 million square feet of gross leasable area. It pays a monthly distribution of \$0.026 per share, or \$0.312 per share annually, which gives its stock a yield of about 7% at today's levels.

Investors should also note that Pure Industrial has maintained its current annual rate since 2013. However, I think its increased amount of distributable income, including 10.7% year-over-year growth to \$0.31 per share in the first nine months of fiscal 2015, and its low payout ratio, including 78% in the first nine months of fiscal 2015 compared with 86.7% in the same period in fiscal 2014, could allow for a significant increase in the very near future.

2. Morneau Shepell Inc.

Morneau Shepell Inc. (TSX:MSI) is one of the largest human resources consulting and technology companies in Canada, and it is the leading provider of employee and family assistance programs, the largest administrator of retirement and benefits plans, and the largest provider of integrated absence management solutions. It pays a monthly dividend of \$0.065 per share, or \$0.78 per share annually, which gives its stock a yield of about 5.25% at today's levels.

Investors should also note that Morneau Shepell has maintained its current annual rate since 2011. However, I think its increased amount of normalized free cash flow, including 17% year-over-year growth to \$43.4 million in the first nine months of fiscal 2015, and its reduced payout ratio, including 64.7% in the first nine months of fiscal 2015 compared with 75.7% in the same period in fiscal 2014, could allow it to raise its dividend within the next few months.

3. Parkland Fuel Corp.

Parkland Fuel Corp. ([TSX:PKI](#)) is one of North America's fastest-growing distributors and marketers of fuels and lubricants, including gasoline, diesel, propane, heating oil, and other high-quality petroleum products. It pays a monthly dividend of \$0.09 per share, or \$1.08 per share annually, which gives its stock a yield of about 5.2% at today's levels.

Investors must also note that Parkland Fuel has raised its annual dividend payment for three consecutive years, and its 1.9% increase in March 2015 has it on pace for 2016 to mark the fourth consecutive year with an increase.

Which of these small caps would fit best in your portfolio?

Pure Industrial REIT, Morneau Shepell, and Parkland Fuel are three small caps that can provide the monthly income that you need, so take a closer look and strongly consider initiating positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PKI (Parkland Fuel Corporation)

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