

Monthly Income: 2 Dividend Stocks Yielding up to 6.5%

Description

In this low interest rate environment, it's a constant challenge to find good stocks that pay stable monthly income.

Many income investors and retirees prefer monthly income over quarterly dividend payments that most listed companies offer. The reason is simple: Some people want to match their monthly expenses with their dividend cheques.

There aren't many companies out there that pay you monthly returns, unless you invest in a monthly mutual fund or an ETF. And if investing in fixed-income assets makes you more comfortable, then you're going to get a return on a semi-annual basis in most cases.

Your investment decision in any company, however, should never be dictated by its dividend payment schedule. You still have to find out if you're buying a quality investment with a strong balance sheet and cash flows. Today, I've selected two dividend stocks that reward their investors every 30 days which have long track records of paying dividends.

Inter Pipeline Ltd.

Inter Pipeline Ltd. (TSX:IPL) is a great stock which fits nicely in a portfolio structured to generate monthly income. The Calgary-based company operates a major petroleum transportation, storage, and natural gas liquids processing business in Canada and Europe. Its pipeline systems span over 7,700 kilometres and transport approximately 1.3 million barrels of energy products per day.

Pipeline operators generally get their margins on the volume of products they transport. As a general rule, these companies don't get affected by the swings in oil prices as much as producers do because they charge by volume and by distance. So, the more oil or natural gas shipped, the more money they make.

This relative stability factor in its business has made it possible for Inter Pipeline to continue paying dividend to its shareholders without interruption for the past 20 years. With a dividend yield of 6.5%, Inter Pipeline pays a monthly dividend of \$0.135 per share, or \$1.62 per share annually.

Trading at \$24.92 and down about 16% this year, Inter Pipeline shares are being punished for the general weakness in the energy sector. I believe this undervalued stock is a perfect candidate for your monthly income portfolio.

Shaw Communications Inc.

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#)) is one of the smaller players in the telecom market, serving mostly consumers in western Canada. It provides internet, cable TV, and other business connectivity services. The company is one of my top picks because of its future growth potential.

Through its recent acquisition of Wind Mobile, the company is gearing up to challenge the big players in the wireless market. And if you want to benefit from the company's growth, this is a good time to take the position when its share price is trading near the 52-week low.

Today, Shaw pays a monthly dividend of \$0.09875 per share, which translates to an annualized yield of 4.06%. However, monthly income investors stand to benefit greatly from this company's growth plans, which, once completed, will set the stage for larger payouts in the days to come.

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1. Dividend Stocks
2. Investing

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