



Forget Quarterly Dividends: Get Paid Every Single Month

Description

Investors who rely on investment income to pay their expenses may find that quarterly payout schedules are inconvenient, as many recurring costs are charged monthly.

[One possible solution](#), suggested by fellow Fool Demetris Afxentiou, is where dividend stocks with quarterly distributions are purchased such that their payment schedules are staggered, paying in alternating months. Another solution, the strategy that will be explored in this article, is the use of monthly dividend payers to generate a predictable income stream.

At first glance, however, the monthly dividend stocks on the TSX present a diversification problem due to the fact that most of them are either in the financials or energy sectors. Investors whose portfolios have sector weightings similar to the S&P/TSX Composite will find that they are already heavily weighted toward financials and energy.

This article will focus on three stocks with monthly distributions, each of which belongs to a different sector: **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) is in the materials sector; **Enercare Inc.** ([TSX:ECI](#)) is a consumer discretionary stock; and **Ag Growth International Inc.** ([TSX:AFN](#)) is in the industrials sector.

Chemtrade Logistics Income Fund

Chemtrade is a diverse chemicals company that operates in three main segments: sulphur products and performance chemicals; water solutions and specialty chemicals; and electrochemicals. The company's chemicals are used in a wide variety of industries, including manufacturing, fracking, and pulp processing.

Chemtrade has signaled a positive outlook regarding demand for its products heading into the second half of 2018, following a weak start to the year, as it struggled with inadequate rail car availability and service delays. Further, with the completion of the 2017 Canexus acquisition, Chemtrade has a new avenue for growth.

At its current price, Chemtrade trades at a price-to-earnings multiple of roughly 10 and a price-to-book

ratio of about 1.2. Chemtrade pays a monthly distribution of \$0.10 for an annualized yield of approximately 7.9%.

Enercare Inc.

The majority of Enercare's business comes from the rental, sale, installation, and maintenance of HVAC products and water heater solutions. Additionally, Enercare provides sub-metering services for condominiums and apartments.

[Enercare's growth](#) has been fueled by acquisitions — the most significant recent addition to its portfolio being SEHAC Holdings Corporation in 2016, which owned Service Experts. In 2017, Service Experts made three further acquisitions and accounted for 53% of revenue, materially contributing to Enercare's business.

At its current price, Enercare trades at a price-to-earnings multiple of around 30 and a price-to-book ratio of about 3.3. Enercare increased its dividend by 4% in April and now distributes \$0.0832 monthly for an annualized yield of just under 5.5%.

Ag Growth International Inc.

Ag Growth is a food infrastructure company that manufactures farm and commercial equipment primarily for grain storage and handling. The company also provides solutions for fertilizer, seed, feed, and other foods.

Ag Growth made several acquisitions in 2017 and began 2018 with the acquisition of Danmure, Inc. in February. For 2018, management has indicated that it expects strong demand for portable farm equipment in the U.S. and higher commercial sales in Canada in the storage and handling segment. Turbulent steel markets due to U.S. tariffs present potential short-term risk.

At its current price, Ag Growth trades at a price-to-earnings multiple of about 27 and a price-to-book ratio of roughly three. Ag Growth pays a monthly dividend of \$0.20, which translates to an annualized yield of around 4.1%.

Conclusion

Investors looking for monthly income have plenty of options outside the largest sectors in the S&P/TSX Composite. Any income portfolio can benefit from a diverse mix of stocks that pay monthly distributions, which can offset recurring expenses and deliver a constant stream of much-needed cash.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. TSX:AFN (Ag Growth International)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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