

2 Dividend Stocks to Earn Growing Monthly Income

Description

Stocks that send monthly dividend cheques have many advantages. First, it's much easier to sync your monthly expenses with a monthly income stream. This is an important advantage for investors in their golden years who rely on their retirement portfolio to pay their bills.

Second, by investing in monthly dividend stocks, you can get much better compounding. If you're receiving dividends every month, you can use them to reinvest in more stocks and have those dividends grow more. The faster you reinvest those dividends, the faster they'll compound interest.

In Canada, we don't have many companies that pay monthly dividends; you'll mostly find real estate investment trusts (REITs) in this space. Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) — two popular monthly dividend stocks — to see if they fit in your investing strategy.

IPL

IPL is a Calgary-based energy infrastructure company operating four business segments in Western Canada and Europe. Its pipeline systems span over 7,800 kilometres in length and transport approximately 1.4 million barrels per day.

In Europe, IPL operates 16 strategically located petroleum and petrochemical storage terminals, which have a combined storage capacity of approximately 27 million barrels. Its NGL business is one of the largest in Canada, processing an average of 2.8 bcf/d in 2017 with the capacity to produce over 240,000 b/d of NGL.

IPL pays a monthly dividend of \$0.14 a share with an annualized yield of 6.8% at the current stock price. That dividend has grown more than 9% per year during the past five years.

To support its growing payout, IPL has an [ambitious growth plan](#). The company is building a \$3.5 billion petrochemical project in an industrial area north of Edmonton. The complex will convert propane into polypropylene, a plastic used in the manufacturing of products such as automobile parts, containers, and Canadian bank notes.

Investors who plan to buy IPL stock should note that pipeline operators are sensitive to interest rate hikes. In Canada, we might see further rate increases going forward. That development will keep IPL stock under pressure. Trading at \$24.62, the stock is down about 6% this year.

RioCan REIT

From Canada's robust real estate sector, RioCan is a name I usually recommend to investors looking to earn stable monthly income. RioCan one of the largest REITs, focusing on the retail sector.

Toronto-based RioCan owns and operates a portfolio of 284 retail and mixed-use properties across the

country, including 17 properties that are under development. Its tenants are some of the largest retailers, such as **Loblaw**, Shoppers Drug Mart, and **Walmart**.

This REIT also has [consistent history of rewarding investors](#) with growing dividends. The company has been paying dividends for the past 23 years. During that period, RioCan raised its annual distribution 17 times.

Despite its impressive portfolio of assets and dividend history, RioCan isn't immune from a very challenging retail environment in Canada, where many stores have been closed. To counter this challenge, RioCan is restructuring its operations, focusing on the country's largest markets and exiting from less profitable areas.

Trading at \$25.21 at the time of writing, RioCan shares are up 3% this year, recovering from their spring slump on the company's improving outlook following its restructuring efforts. With an annual dividend yield of 5.68%, RioCan pays a \$0.12-a-share monthly dividend.

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1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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