3 Stocks to Boost Your Monthly Income

Description

There are several reasons why stocks that deliver monthly income are attractive to investors. Most importantly, they provide a stable income stream for those who rely on monthly payments for daily living. For this reason, it is important for investors to buy stocks that have a reliable history of paying dividends.

One of the best places to start is Canadian Dividend Aristocrats — companies that have a history of raising dividends for at least five consecutive years. However, there is a basket of stocks that don't gather as much attention as the Aristocrats. These are stocks that are on the verge of becoming Aristocrats. Why are they important?

Once a company reaches Aristocrat status, they are added to a multitude of funds that track the group. This leads to an increase in liquidity and, in general, raises the profile of the stock. Therefore, investing in companies that have a dividend-growth streak of four consecutive years can be a rewarding proposition. With that in mind, here are three monthly dividend payers that are on track to become Aristocrats in 2020.

A&W Revenue Royalties Income Fund

Yielding around 4%, **A&W** (TSX:AW.UN) is not only an attractive income option, but it has also been growing at a healthy pace. Over the past five years, A&W has averaged approximately 8% earnings growth. Over the same period, shareholders have been well rewarded with 87% capital appreciation. That is a compound annual growth rate just north of 17%.

Since the company's dividend-growth streak began, it has averaged 5% dividend growth. Recently, the company announced a share offering, which put some downward pressure on the stock. The blip is temporary and a good time for investors to jump in or top up their positions.

Chartwell Retirement Residences

One thing is certain: the population in North America is aging at an unprecedented pace. As such, **Chartwell Retirement Residences** (TSX:CSH.UN) is a great way to take advantage of the demographic trend. The trust indirectly owns and operates a complete range of over 200 senior housing communities across four provinces. Chartwell has rewarded shareholders with consistent and reliable growth with 10% average capital appreciation over the past five years.

With a yield above 4% and a healthy pipeline of projects (1,169 suites), investors can expect double-digit returns to continue. Don't be fooled by its abnormally high payout ratio (660%). The company's dividend accounts for only ~66% of funds from operations.

Keg Royalties Income Fund

Unlike the other two on this list, **Keg Royalties** (TSX:KEG.UN) can be considered an income pure play. The company has generated little in terms of capital appreciation, as it only averaged 1.8% annual returns over the past five years. However, what it lacks in stock price gains, it makes up for in yield. As of writing, the company offers a safe and reliable 6.67% yield.

The dividend accounts for only 60% of earnings and 83.5% of distributable cash. The Keg isn't a stock you buy for outsized returns. However, it can provide a high level of income that is safe and that will grow at a modest rate in the low single digits.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:KEG.UN (Keg Royalties Income Fund)

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