TFSA Users: 3 Stocks That Offer Big Monthly Dividends

Description

The Tax-Free Savings Account (TFSA) can be a remarkable vehicle for growth, but it can also be a great way to gobble up tax-free income. The cumulative contribution room in a TFSA now stands at $63,500. Investors who hold stocks that pay out monthly dividends, especially those with attractive yields, can scoop up very nice monthly returns.

Today, I want to look at three equities that offer strong monthly payouts. These would be right at home in an income-focused TFSA.

Inter Pipeline

Inter Pipeline (TSX:IPL) is a Calgary-based transportation and midstream service provider that operates in Canada and Europe. Shares of Inter have climbed 33.8% in 2019 as of close on September 12. The company released strong second-quarter results as net income hit a record $260 million.

Hype built around Inter in mid-August after the company revealed that it had received an unsolicited takeover bid. Midstream companies like Inter possess key infrastructure like gathering pipelines and gas-processing plants that are in high demand. Weakness in the price of oil and gas has caused some investors to overlook these companies in the energy sector.

The stock boasts a monthly dividend payout of $0.1425 per share, which represents a still-attractive 6.9% yield. Inter has achieved dividend growth for 10 consecutive years.

Vermilion Energy

Vermilion Energy (TSX:VET)(NYSE:VET) is another Calgary-based oil and gas producer. Shares have dropped 20% in 2019 so far. The stock encountered turbulence after a disappointment in the second quarter.

Vermilion had to contend with a refinery outage in the Paris Basin, which dramatically lowered production in France. Despite this and lower commodity prices, funds from operations (FFO) were still up 14% year over year.

The stock is trading at the low end of its 52-week range and possesses a favourable P/E ratio of 10.8 and a P/B of 1.2. Vermilion last announced a monthly dividend of $0.23 per share. This represents a monster 13% yield. The sky-high yield should not scare investors, as Vermilion forecasts a dividend-payout ratio as a proportion of its FFO of 45% in 2019 and a total payout ratio near 100%. There does not appear to be a major risk of its dividend being slashed even in the face of weak commodity prices.

Cineplex

Cineplex (TSX:CGX) boasts a monopoly on movie theatres in Canada. Back in March, I'd explained why I was targeting Cineplex after a rough first two months of the year for the North American box office. In the second quarter, attendance bounced back from a very weak Q1 and revenues rose 7.4% year over year to $439.2 million.

The streaming wars are set to ramp up as we move into 2020, which will put added pressure on the traditional theatre business. Still, a record five movies topped the $1 billion mark at the box office this summer. The cinema still has traction as we look ahead to the next decade.

Cineplex stock offers a monthly dividend payout of $0.15 per share. This represents a tasty 6.9% yield.

CATEGORY

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