



2 High-Yield Monthly Dividend Stocks to Buy Today

Description

Dividend stocks are the favourite investment among a number of investors, because in addition to still being exposed to capital gains potential, the investment is also returning money to you.

High-yield dividend stocks take this to another level, and while it's likely a high-yield dividend stock probably won't have as much capital gain potential, the returns investors make are still very attractive.

The only thing better than a high-yield, dividend-paying stock is one that pays its dividend monthly as opposed to quarterly, which most companies do.

Receiving dividend payments and your cash back from an investment more often is always nice, plus it allows you to compound your income at a faster pace.

Two top high-yielding dividend companies on the TSX that [pay their investors every month](#) are **Alaris Royalty** (TSX:AD) and **Pizza Pizza Royalty** ([TSX:PZA](#)).

Alaris Royalty

Alaris Royalty is an investment company that finds some attractive investments and deals in small- and medium-sized business. Roughly 84% of its portfolio is in U.S companies with the other 16% coming from Canada.

Alaris is unique in that it works with the companies it's funding to find a solution that works for both parties. It's flexible enough to yield to some of the demands of the companies while still gaining equity exposure to the businesses as well as passive-income stream returning cash to it.

The passive income it receives is the number one target for Alaris, which is why it pays out such a large yield and can pay investors monthly. However, just because it aims to receive most of its income passively doesn't mean that Alaris hasn't made a fair amount of capital gains profit.

On the 13 investments it's exited, the company has made an average return of 79%, including three of

the investments that had negative returns for Alaris. A 79% average return from investments it's exited is extremely impressive and goes to show the high-quality investments the business has been finding.

You can gain exposure to Alaris today at just 11.4 times earnings and gain exposure to its attractive dividend yield of roughly 7.4%.

Pizza Pizza

Pizza Pizza Royalty is a restaurant royalty company that receives a royalty on all sales from the Pizza Pizza and Pizza 73 restaurants in the royalty pool.

The stock is trading with a dividend yield of roughly 8.75% as the market decides if its dividend will remain strong. Currently, the payout ratio is right around 100%, so any decline in sales could trigger the company to trim the dividend.

Luckily, Pizza Pizza has a number of intangible factors working in its favour, such as its major brand recognition, its ease and convenience of getting food when other competitors may not be open, as well as its naturally less-expensive choices it offers compared to other fast-food competitors.

The last one could be especially key. As consumers are expected to cut down on their discretionary spending over the short term, businesses like Pizza Pizza will likely be less affected since it offers lower-cost options as opposed to newer and healthier fast-food companies that charge premiums for its offerings.

Although the dividend isn't completely safe, the company has a cash reserve in case the dividend payments exceed the cash flow that the company is generating on a longer-term basis.

Plus, because it's receiving a royalty on sales, and sales of fast-food restaurants across the country don't fluctuate all that much, if the dividend did have to be trimmed, it would only need to be reduced by a very small amount to make the dividend sustainable again.

Bottom line

High-yielding companies always have a large dividend for a reason. The key for investors is to find the risk that exists and then try to quantify that risk to decide if the dividend and investment as a whole is worth it.

Both these companies have risks that are present, but both are strong business with long-term track records of success, so I'd bet on them and gain exposure to these attractive yields before the market catches on and starts to bid up the price of the shares.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

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