2 Monthly Canadian Dividend Stocks to Buy

Description

I often compare receiving monthly dividend stock payouts to opening a Christmas gift every month. For investors with a longer-term horizon, getting a monthly distribution reinvested can spell greater gains over the more traditional quarterly payout. Unfortunately, finding several monthly dividend stocks that provide a handsome yield and a sense of diversification can be difficult at times.

Fortunately, here are two such investments for you to consider adding to your portfolio.

Combat climate change and get rich

Renewable energy providers have gained popularity among investors in recent years. Renewable energy utilities offer many of the same advantages that traditional utilities offer, such as a secured and recurring source of revenue that can span decades as well as providing a necessary service to its customers. Renewable energy utilities offer one distinct advantage over their fossil fuel peers — they aren't going away.

TransAlta Renewables (TSX:RNW) is an interesting option in this regard. The company has two decades of renewable energy experience and a growing portfolio of facilities across 10 operating regions in the U.S., Canada, and Australia.

That portfolio is not only geographically diversified but also in terms of the type of renewable energy. TransAlta's portfolio currently encompasses solar, wind, hydro, and natural gas elements.

Long-term PPAs keep providing a steady stream of revenue for the company, and more than half of TransAlta's facilities carry a PPA that has an expiration date of at least one decade out.

In short, TransAlta is a well-diversified investment that continues to seek out new opportunities, while also offering one of the best monthly dividends on the market. The current yield amounts to an impressive 5.35%

How high can you fly?

Most investors may not be familiar with **Exchange Income** (TSX:EIF). The Manitoba-based company has remained off the radar for most investors, despite offering a well-diversified and lucrative investment opportunity.

Exchange owns over one-dozen subsidiary companies that are broadly classified into aviation or manufacturing segments. Interestingly, all of those businesses have three things in common that make Exchange a compelling option.

First, the subsidiaries all cater to a specific niche market where there is constant demand but little competition. This provides a stable floor for growth and income-earning capabilities to progress from. By way of example, think regional cargo and passenger service flights on the aviation side, and custom manufacturing of cell phone towers on the manufacturing front.

Second, all those businesses generate cash, which in turn leads to overly positive results for Exchange during earnings season. By way of example, in the most recent quarter, the company reported record revenue of $355 million. Those good times are set to continue for the foreseeable future, as the company predicts double-digit growth to prevail over the next five years, with sales forecasted to rise from $1.2 billion to $1.6 billion.

Finally, there's Exchange's dividend. The company offers a mouth-watering 5.08% yield, which could be a lucrative addition to any long-term portfolio. Interestingly, despite that strong payout, Exchange's dividend-payout ratio works out to a very stable 62% over the trailing 12 months.

Final thoughts

Having the right mix of investments in your portfolio can mean the difference between retiring comfortably or continuing to work well into your golden years. Both Exchange and TransAlta offer the type of growth and income-earning capability that could help reach that goal.

In short, buy them, hold them, and retire rich.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:RNW (TransAlta Renewables)

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Date
2025/08/18
Date Created
2020/02/15
Author
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