



## TFSA Investors: These 3 Stocks Pay You Cash Every Month

### Description

Even though I'm still a couple decades from retirement, I'm still starting to position my TFSA accordingly by investing in terrific dividend-paying stocks. Specifically, I'm looking to load up on monthly dividend payers, since they mesh really well with monthly bills.

This strategy has an added benefit today. By insisting on generous dividends, I'm creating a passive-income stream that can slowly be reinvested. I use a combination of [dividend-reinvestment plans](#) and simply letting the cash accumulate for a few months, when it's then put back to work.

If you have a similar goal for your TFSA, then you'll want to start loading it up with Canada's best monthly dividend payers. Here are three great stocks to get you started.

### Inter Pipeline

**Inter Pipeline** (TSX:IPL) is rapidly approaching an important turning point, and, understandably, investors are a little nervous.

The company is in the middle of one of its most ambitious growth projects ever, spending \$3.5 billion on the Heartland Petrochemical Complex. When completed, the plant will be able to process 525 kilotonnes of polypropylene each year, creating plastic resins for industries like consumer products, automobile parts, medical equipment, and currency. Heartland is projected to add between \$450 and \$500 million in annual EBITDA to Inter Pipeline's bottom line.

Inter Pipeline's other assets — which include oil sands pipelines, conventional oil pipelines, natural gas processing plants, and bulk storage facilities — are all performing well. It has emphasized assets that move away from exposure to the commodity price, which has helped cash flow steadily increase over the last five years. Funds from operations grew by 12% per year from 2013 to 2018 before taking a bit of a step back in 2019.

Although some investors are rightfully a little worried, because the payout ratio has crept up to the 80% range, that still leaves us with plenty of wiggle room for the company to be able to afford its 7.8%

monthly dividend.

## Automotive Properties REIT

Despite the company posting a total return of more than 31% over the last year, I still think **Automotive Properties REIT** ([TSX:APR.UN](#)) has terrific potential going forward. The stock also pays a nice 6.3% dividend.

Automotive Properties is in the business of buying up car dealerships and then leasing those assets back to dealership operators. It's a win-win for both parties; the operating companies can expand without putting all their capital to work in real estate, while Automotive Properties gets to load up on valuable property, it can defer maintenance costs to the tenant and can sign lengthy leases with these operators.

This all translates into one of Canada's [top growth stories](#). Since its 2015 IPO, Automotive Properties has more than doubled the size of its portfolio, and most analysts agree the party is just beginning. With some 2,000 dealerships being projected to be sold in Canada over the next couple decades, there will be ample growth opportunities going forward.

And investors can rest easy at night, knowing the dividend is sustainable. In fact, the payout ratio keeps steadily dropping each year, as more dealerships are purchased.

## Mullen Group

**Mullen Group** ([TSX:MTL](#)) is one of Canada's largest trucking and logistics companies. Since 1993, it has been a growth-by-acquisition machine, buying dozens of different trucking operators. Revenue has increased from approximately \$10 million in 1993 to \$1.2 billion in 2018. Analysts expect Mullen to generate \$1.35 billion in revenue in 2020.

Shares have struggled lately, as investors have fallen out of love with Mullen's oilfield services business. Both revenue and margins from that part of the business have shrunk lately, but that part of the business is beginning to turn around.

Mullen also has a network of some 250 different properties across Canada, ranging from warehouses to offices. It owns the majority of these properties, assets it paid \$550 million for over the last 25 years. The stock has a market cap of just under \$1 billion today. After years of appreciation, it's easy to argue Mullen's real estate alone would be worth more than the entire market cap of the company.

And remember, investors are getting a 6.6% dividend today — a monthly payout that is easily covered by free cash flow.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
2. TSX:MTL (Mullen Group Ltd.)

## **PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/08/16

## **Date Created**

2020/02/20

## **Author**

nelsonpsmith

default watermark

default watermark