2 of the Best Monthly Dividend Stocks to Buy in 2020

Description

Canadian investors looking for monthly dividend payments have some tempting options at the moment. Today, we will take a look at a pair of potentially overlooked businesses that pay more frequently than the usual quarterly dividend stocks. Taking in telecommunications and retirement accommodation, these two stocks could suit the low-risk investor seeking assets that should continue to pay out for years to come.

With a 4.6% dividend and selling at twice its book price, **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) is fairly good value for money for the sector and rewarding enough for the income-focused TSX investor. Its standing as a smaller carrier allows for aggressive spectrum bidding, making a for a scaled-down but successful business model and an attractive investment thesis.

In terms of momentum, the stock is flat — much as one might expect for the competitive and flooded telcos market. However, with potential five-year total returns of 11%, there is still growth on offer.

A high level of debt is something to watch out for, but that dividend and a stand-out recent track record — Shaw has experienced impressive earnings growth in the past year — make for reason enough to buy this stock and forget about it. While **Telus**, to pick another example, is better value for money and could see total returns in the 45% range by 2025, it does not exhibit the same short-term high income growth as Shaw.

Telcos in Canada usually have a strong geographic focus. This strategy helps to secure economic moats in certain provinces. However, Shaw's cable operations are fairly well spread out, covering internet, television, and phone operations in B.C., Alberta, Saskatchewan, Manitoba, and Ontario. The national Wind network also comes under Shaw's umbrella, further securing its market share.

Meanwhile, with 35% total shareholder returns expected by the middle of the decade, **Chartwell Retirement Residences** (TSX:CSH.UN) is an overvalued stock that nevertheless offers investors the chance of recession-resistant monthly dividend payments as well as the possibility of fairly steep capital appreciation.

A recession-resistant stock, Chartwell is a strong play for retirement accommodation and long-term-care communities throughout Canada. These two segments, retirement and long-term care, are separate operations. While its Ontarian care communities make up a significant part of its asset portfolio, the majority of Chartwell's revenue is sourced from retirement homes.

With its beta of 0.6, Chartwell is surprisingly well-insulated against market volatility and, as such, would suit a low-risk investment strategy centred on reassuring, long-term gains. With +52% annual income growth expected, Chartwell is a key stock to buy for recessionary safety.

Its 4.2%-yielding dividend is also suitably high and would help to enrich a defensive portfolio. Earnings have risen by 50% annually since 2015, making for the kind of steady growth a low-risk investor should be looking for in a company's track record.

The bottom line

Given the defensive nature of residential real estate, Chartwell's dividend would make a strong addition to a low-risk portfolio of TSX stocks. Throw in the maneuverability and small-carrier status of Shaw, and these two monthly-paying stocks should satisfy an investor looking for more frequent passive income.

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vhetherington