10 Top TSX Income Stocks to Buy in August 2020

Description

One way to generate a steady income stream is to invest in stocks that pay dividends on a monthly basis. We asked our Foolish writers to pick their favorite income ideas right now – here are their choices:

Kyle Walton: Northview Apartment REIT

Northview Apartment Real Estate Investment Trust (TSX:NVU.UN) is a fundamental piece of any Canadian income portfolio. Northview owns approximately 27,000 residential units across eight provinces and two territories. Being a large-scale landlord makes a lot of sense in the current environment. Interest rates are low and housing prices remain high, making for high rents and a low cost of capital.

Northview pays a monthly distribution of $0.1358 per unit, which results in a starting annual yield of approximately 4.6%. Northview has not raised, or cut, the distribution in over five years. Investors should thus expect monthly distributions to continue at the current rate for the foreseeable future.

Fool contributor Kyle Walton has no position in the companies mentioned.

Amy Legate-Wolfe: Choice Properties REIT

If there's one company out there that is still massively undervalued in this market, it's **Choice Properties REIT** (TSX:CHP.UN). Especially if you're a passive income seeker. Choice is Canada's largest real estate investment trust in Canada, with a number of retail properties under its banner, though Loblaw remains its golden ticket as Canada's largest food retailer. The company has had a solid performance this year, with mere hiccoughs during the pandemic. Meanwhile, its dividend has remained steady and stable at $0.75 per share, or 5.78% dividend yield as of writing.

While other companies continue to try and rise from the gutter, Choice is well past this and currently back in acquisition mode. In fact, the company recently reported a net income for the second quarter, compared to a loss the same time last year. With a potential upside of 17% to reach pre-crash prices, it's the perfect time to buy up this stock.

Fool contributor Amy Legate-Wolfe does not own shares of any of the stocks mentioned.

Stephanie Bedard-Chateauneuf: Shaw Communications

Shaw Communications (TSX:SJR.B) is among the top monthly dividend stocks to buy now.

Shaw has a dividend yield of close to 5%. The telecom company pays a monthly dividend of $0.09875, which produces an annualized payment of $1.185. Shaw has increased its payout for two consecutive years and has a 10-year dividend growth rate of 4.2%.

You can count on the monthly dividend paid by Shaw. The company has been reliable with its dividend payouts and has even been able to maintain its dividend through the economic turmoil of the COVID-19 pandemic.

Shaw is also interesting from a valuation point of view. The company's P/E ratio is relatively low compared to the industry as a whole, indicating that the stock is undervalued.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.

Andrew Button: Northwest Healthcare Properties REIT

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a healthcare-oriented REIT. It invests primarily in healthcare office space. It has properties in both Canada and Europe. As a healthcare REIT, it's the type of company that can thrive despite COVID-19. Healthcare is more critical now than ever before, especially front-line emergency service. That means that NWH.UN is admirably positioned among REITs—many of whom are suffering from collections issues. In the first quarter, 100% of NWH's buildings remained open, and it collected 85% of all rent due. Revenue increased by 3.8%. On the strength of these results, NWH.UN declared a $0.066 dividend, representing $0.80 annualized, providing a juicy 7% yield.

Fool contributor Andrew Button has no position in any of the stocks mentioned.

Joey Frenette: CT REIT

My top income pick for the month is **CT REIT** (TSX:CRT.UN), a 5.7%-yielding REIT that demonstrated tremendous resilience amid the COVID-19 pandemic. The REIT, which derives around 92% of its revenues from the iconic (and extremely liquid) retailer Canadian Tire, is a less volatile way to play on the success of its number one tenant.

CT REIT faced a minimal disruption in its AFFOs in the first half. Still, shares of CRT.UN slid significantly, now down just under 20% from their pre-pandemic highs. In June, rent collection rates surged to 98.5%. As the economy continues to heal from the crisis, it'll just be a matter of time before collection rates rise above 99%, and CT REIT shares return to all-time highs.

The distribution remains well-covered and is likely to hold should this pandemic worsen, even if distribution reductions become normalized across the broader Canadian REIT scene.

Fool contributor Joey Frenette has no position in any stocks mentioned.

Sneha Nahata: Pembina Pipeline

With a monthly dividend of $0.21 and a high-yield of 7.1%, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is a top income stock. Pembina will not announce any more dividend hike in 2020 amid weak energy demand. However, its highly contracted business and robust fee-based cash flows suggest that its payouts are safe.

Pembina's adjusted EBITDA is backed by take-or-pay arrangements and cost-of-service contracts, which reduce the risk of volatility in liquid volumes. Besides, Pembina's fee-based distributable cash flows are more than enough to cover its payouts and do not rely on businesses that have direct commodity exposure.

With the pickup in economic activity, Pembina's liquid volumes could show improvement in the coming quarters. Moreover, the company expects to generate strong cash flows in 2020, which is likely to cover its near-term obligations and cover its dividends.

Fool contributor Sneha Nahata has no position in any of the stocks mentioned.

Rajiv Nanjapla: TransAlta Renewables

TransAlta Renewables (TSX:RNW) is an electric utility company that owns 19 wind facilities, 13 hydroelectric facilities, and one natural gas facility. Apart from these facilities, it also has economic interests in several other facilities too. Together, these assets generate 2,527 MW of power in North America and Australia.

The company pays monthly dividends of $0.078 per share at an annualized payout rate of $0.94 per share. With its stock trading at $15.62, the company's dividend yield stands at an attractive 6%. TransAlta Renewables sells the power generated from its assets through long-term power purchase agreements to public power authorities, load-serving utilities, and industrial customers. So, its revenue and cash flows are mostly stable.

In its recently announced quarter, TransAlta Renewables' adjusted EBITDA grew by 3.6% to $115 million, despite the impact of the pandemic. Its adjusted funds from operations and cash available for distribution increased by 12.5% and 17.5%, respectively. Also, the company's management aims to distribute 80%-85% of the cash available to its shareholders on an annualized basis.

So, TransAlta Renewables is an excellent buy for income-seeking investors, given its recession-proof business model and dividend stability.

Fool contributor Rajiv Nanjapla has no position in any of the stocks mentioned.

Kay Ng: Granite REIT

Industrial real estate is one of the most resilient asset classes in the real estate sector during this pandemic due to the continual growth in e-commerce.

Investors can easily gain access to this asset class through industrial REITs like **Granite REIT** (TSX:GRT.UN).

Granite REIT's real estate portfolio consists of roughly 97 income-producing logistics, warehouse, and industrial properties primarily in North America. Additionally, it also has exposure to Europe, including Germany and Austria. Its top tenants are Magna and Amazon.

With a weighted average lease term of about six years, eight consecutive years of cash distribution increases, and a payout ratio of about 73%, Granite REIT's 3.8% yield is rock solid.

Fool contributor Kay Ng owns shares of Amazon.

Vineet Kulkarni: AltaGas

Investors looking for a decent, stable monthly income can consider shares of **AltaGas** (TSX:ALA). It is a $5 billion energy midstream company that operates oil and gas infrastructure and distribution business. It yields 5.3% at the moment, higher than TSX stocks at large.

What makes AltaGas a safe bet is its stable cash flows. Its regulated utility operations and long-term, fixed-fee midstream contracts generate visible and predictable earnings, which ultimately enable stable dividends. Such stability will be highly valuable in uncertain times.

AltaGas stock is still trading 20% lower against its pre-pandemic highs. Its discounted valuation makes it attractive in current markets. Its diversified low-risk, high-growth operations make it stand tall among peers.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Vishesh Raisinghani: Exchange Income Corporation

Exchange Income Corporation (TSX:EIF) was built to be the ideal monthly dividend stock.

It is a diversified acquisition-oriented corporation focused on opportunities in two sectors, aerospace, aviation services and equipment, and manufacturing. In other words, it's a conglomeration of small and medium-sized industrial businesses across the country. While some subsidiaries, particularly the aviation ones, have been hit hard in this pandemic, cash flows from others have more than covered for the losses. The company has managed to maintain its dividend payout at the same level as last year. The current dividend yield is 7% annualized, while the forward price-to-earnings ratio is 13.2.

Fool contributor Vishesh Raisinghani has no position in any of the stocks mentioned.

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2. TSX:ALA (AltaGas Ltd.)
3. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
4. TSX:CRT.UN (CT Real Estate Investment Trust)
5. TSX:EIF (Exchange Income Corporation)
6. TSX:GRT.UN (Granite Real Estate Investment Trust)
7. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
8. TSX:PPL (Pembina Pipeline Corporation)
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motley-fool-staff