3 Top TSX Income Stocks to Buy in September 2020

Description

In these times of uncertainty, investors would like to have an additional and passive income stream. One way to generate an alternative and recurring income stream is to invest in dividend-paying stocks. While most companies pay dividends on a quarterly basis, a few of them also have monthly dividend payouts.

We'll look at three stocks on the TSX that you can consider for long-term dividend gains.

A REIT play for your portfolio

Northview Apartment REIT (TSX:NVU.UN) owns 27,000 residential units in eight Canadian provinces and two territories. The REIT is valued at a market cap of $2.34 billion and has returned 70% in the last five years, despite recent volatility. While the REIT is trading close to pre-COVID-19 levels, it also has a dividend yield of 4.7%.

Northview pays a monthly distribution of $0.1358 per unit, resulting in an annual dividend of $1.63 per share. The company continues to benefit from a falling interest rate environment, which helps it gain access to capital at a low cost. The Canadian housing market continues to remain bullish with rising prices and a recovery in housing starts for July.

While Northview has not increased its dividends in the last five years, it has also not cut distributions. Investors can expect monthly distributions to continue at the current rate in the near future.

An energy heavyweight

An energy infrastructure company that should be on the radar of income investors in **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). Pembina is a pipeline giant with a tasty dividend yield of 7.7%. The stock is trading at an attractive valuation due to the recent weakness in the oil and energy sector.

Pembina's fee-based or contractual model helps it generate a stable stream of cash flows. In the June quarter, it increased EBITDA by 3% to $789 million. For 2020, the company maintained its EBITDA forecast between $3.25 billion and $3.55 billion.

The pipeline company has enhanced its liquidity position in Q2 and has $2.8 billion in cash and debt with no debt maturities this year. Pembina has paid dividends for each year since 1997 and has increased the payouts at an annual rate of 5% since 2011.

Pembina too pays a monthly dividend and its strong balance sheet, investment-grade counterparties and low payout ratio makes it a top pick right now.

A bet on a clean future

TransAlta Renewables (TSX:RNW) is the third stock on this list. This company is a top bet for long-term investors, as the world tries to transition towards clean energy solutions. TransAlta has a dividend yield of 5.9% and pays monthly dividends of $0.078 per share, indicating an annualized payout of $0.94 per share.

The utility company owns 19 wind facilities, 13 hydroelectric facilities, and one natural gas facility. Its assets generate 2,527 MW of power in North America and Australia. TransAlta sells the power generated from its assets via long-term purchase agreements to industrial customers and public power authorities. This means its cash flows will remain stable across business cycles.

In Q2, TransAlta's adjusted EBITDA was up 3.6% at $115 million, while adjusted FFO (funds from operations) and cash available for distribution rose by 12.5% and 17.5%, respectively. The management aims to distribute between 80% and 85% of cash flow to shareholders.

The company's recession-proof business and predictable cash flows make it an ideal bet for income investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RNW (TransAlta Renewables)

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