



2 Monthly Dividend Stocks to Buy Now

Description

How diversified is your portfolio? Finding the perfect mix of income-producing stocks takes plenty of patience and time. Another less expressed but equally important factor is *when* those income stocks pay. Most income stocks are on quarterly cadence, which can make monthly budgeting harder than it needs to be. Fortunately, there are a handful of great monthly dividend stocks on the market to buy.

Monthly dividend stocks can be well diversified

Exchange Income ([TSX:EIF](#)) is not the most well-known stock on the market. In fact, that obscurity makes the stock a bit of a gem for long-term investors. Exchange owns over one-dozen subsidiary companies that are concentrated in the aviation and manufacturing segments of the economy.

Within those segments, individual businesses operate within niche markets. Collectively, they provide a necessary and profitable business to remote areas where there is limited competition.

Some examples of this include passenger and freight air service to northern Manitoba and providing surveillance solutions in the Maritimes. Turning to the manufacturing segment, Exchange offers similarly unique offerings, such as cell phone tower construction and high-rise window-wall systems.

Exchange was impacted by the COVID-19 pandemic. Despite reporting lower revenue and earnings due to the pandemic, the most recent quarter did provide a positive update. The company managed to completely fund its dividend, growth capital expenditures, and maintenance capital initiatives, while also reducing its debt by \$30 million.

That dividend currently pays out \$0.19 per month, which works out to an appetizing 5.79% yield. To put it another way, a \$25,000 investment would provide \$120 per month. Even better is that Exchange has provided investors with healthy bumps to that dividend on a nearly annual basis for over a decade.

In other words, Exchange is the perfect monthly dividend stock for nearly any portfolio.

How about some renewable income?

Utilities are often mentioned as some of the best investments on the market. Part of the reason for that stems from the reliable business model that utilities follow. Utilities have long-term regulated contracts in place that provide a steady and recurring stream of revenue. Those contracts span decades, and much of that revenue gets passed on to investors in the form of a dividend.

Unfortunately, a colossal market shift towards renewable energy is putting pressure on traditional utilities. As a result, traditional utilities are left with the very expensive task of transitioning towards renewables.

This means that a [renewable energy](#) stock can quickly become a lucrative monthly dividend stock. That's one of the main reasons why we should mention **TransAlta Renewables** ([TSX:RNW](#)).

TransAlta has a portfolio of over 30 different facilities across Canada, the U.S., and Australia. The facilities are also diversified across different technologies, spanning solar, wind, gas, and hydro elements. Collectively, the renewable facilities have a generating capacity of 1,609 MW.

TransAlta's facilities are subject to long-term regulated contracts. This is not unlike TransAlta's fossil fuel-burning peers. Many of those contracts extend well into the 2030s or even 2040s. In other words, TransAlta has a recurring revenue stream coming in for the next decade or longer.

That revenue stream helps fund the company's lucrative monthly dividend, which currently provides a yield of 5.32%. To put those numbers into practice, a \$25,000 investment would provide a monthly income of \$110. This factor alone puts TransAlta in good company among monthly dividend stocks.

Final thoughts

No investment is without risk. That being said, Exchange and TransAlta are [well diversified](#) in their respective areas and offer tremendous growth potential.

In my opinion, both Exchange and TransAlta are excellent monthly dividend stocks for long-term investors.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. TSX:RNW (TransAlta Renewables)

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