



## Investing in These 3 TSX Stocks Can Generate \$400/Month in 2021

### Description

Investing in monthly-paying dividend stocks is the most comfortable and cheapest way to earn passive income. Meanwhile, Canadian citizens can earn tax-free returns by investing up to a specified amount called the contribution room through the Tax-Free Savings Account (TFSA).

The Canada Revenue Agency (CRA) has kept the contribution room for 2021 unchanged at \$6,000, with a cumulative contribution ceiling of \$75,500. So, if you invest the entire amount on monthly-paying dividend stocks with a yield of above 7%, you can earn over \$400 every month. Here are the three **TSX** stocks which pay monthly dividends with yields above 7%.

### Pembina Pipeline

Amid weak oil demand, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) has lost 35.4% of its stock value this year. However, with oil prices rising amid the vaccine euphoria, its financials could improve in the coming quarters, thus driving its stock price.

Meanwhile, last week, the company's management provided its [2021 guidance](#). The management expects its adjusted EBITDA to come in the range of \$3.2 billion to \$3.4 billion, which represents a marginal increase of 0.8% from the mid-point of the previous year's guidance. The company also expects to make capital investments of \$785 million next year, which will be funded from the company's operating cash flows.

Meanwhile, Pembina Pipeline runs a highly contracted diversified business generating robust cash flows, thus supporting its dividend payout. Further, the company's financial position looks healthy, with its liquidity standing at \$2.54 billion as of September 30. So, given its stable cash flows and healthy liquidity position, I believe its dividends are safe.

Pembina Pipeline has paid around \$9.1 billion in dividends since its inception. The company currently pays monthly dividends of \$0.21 per share, representing an annualized pay of \$2.52 per share and a dividend yield of 8.1%.

## Pizza Pizza

Pandemic-infused restrictions have hit the food services sector hard. However, **Pizza Pizza Royalty** ([TSX:PZA](#)) has fared better than its peers, as it runs a highly franchised business under Pizza Pizza and Pizza 73 brands. The company's earnings and cash flows are mostly stable, as its royalty income will be based on the sales and not on the profits.

Further, Pizza Pizza has been focusing on boosting its digital sales by investing in expanding its delivery, pick-up, and digital ordering infrastructure to mitigate the impact of reduced footfalls. Further, the widespread distribution of vaccines could allow the company to operate its restaurants at full-capacity, driving its financials.

Meanwhile, in October, the company's management raised its monthly dividends by 10% to \$0.055 per share, representing an annualized payout of \$0.66 per share. It has an attractive dividend yield of 7.2%. With Pizza Pizza trading 6% lower for this year, [it is an excellent entry point for long-term investors](#).

## Keyera

Third on my list is **Keyera** ([TSX:KEY](#)), which provides essential services to oil and gas producers in Western Canada. Amid the energy sector's weakness, the company has lost 33.4% of its stock value this year. However, the company has delivered total annualized returns of over 19% since going public in 2003 to 2019.

Amid the increase in oil prices, Keyera reported a sequential improvement in its third-quarter financials. Its net profits and distributable cash flows increased by 88.2% and 10.9% on a quarter-over-quarter basis, respectively. Further, the company has access to \$1.4 billion of credit as of September 30. So, given its improving financials and healthy liquidity position, the company's dividends are safe.

Since 2003, Keyera has raised its dividends 16 times at a compound annual growth rate (CAGR) of 8%. The company currently pays monthly dividends of \$0.16, representing an annualized payout rate of \$1.92 and a dividend yield of 8.5%.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:KEY (Keyera Corp.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

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