3 Monthly-Paying Dividend Stocks to Buy in 2021

Description

Investing in monthly-paying dividend stocks could be the cheapest and easiest way to earn passive income, as it does not involve high transaction fees or high capital upfront. Also, dividend-paying stocks strengthen your portfolio, as they tend to outperform the market during economic downturns. Meanwhile, here are the three monthly-paying dividend stocks you can buy this year to earn risk-free passive income.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) could be an excellent buy for income-seeking investors, given its investments in defensive healthcare real estate and impressive operating metrics. It currently owns and operates 190 properties, with a total area of 15.4 million square feet.

NorthWest Healthcare has a high occupancy rate of 97.2%, with a weighted average lease expiry of 14.5% at the end of the third quarter. Its collection rate is also healthy, with the company collecting or formally deferring 97.6% of its revenue in the September-ending quarter. It even improved to 98.1% in October.

Additionally, 73% of the company's rents are inflation-indexed, and 80% of its customers are supported by public healthcare funding, which provides stability to NorthWest Healthcare's financials. With the global spending on healthcare expected to rise, I believe the company to deliver robust financials and boost shareholders' returns in the coming years. Currently, NorthWest Healthcare pays monthly dividends of $0.067 per share, representing an annualized payout rate of $0.80 per share and dividend yield of 6%.

Pizza Pizza

Although the pandemic-infused lockdown severely hit the foodservice sector, **Pizza Pizza Royalty** (TSX:PZA) fared better than its peers, thanks to its highly franchised business model. Further, the company is investing in expanding its delivery, pick-up, and digital ordering infrastructure to reduce the impact of weak foot traffic due to the pandemic.

With the reopening of the economy, Pizza Pizza had opened almost all its traditional restaurants across both brands as of September 30, while most non-traditional restaurants remained closed. Meanwhile, the vaccine's widescale distribution could increase foot traffic and allow the company to operate its restaurants at full capacity, boosting its bottom line.

Despite the pandemic's impact, Pizza Pizza's board had raised its monthly dividends by 10% to $0.055 per share in November, representing an annualized payout of $0.6 per share and a dividend yield of 6.2%.

Pembina Pipeline

My final pick would be a midstream energy company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). After an underwhelming performance last year, the company has made a strong start to this year, with its stock price rising 18.8% so far. The improvement in oil demand amid the reopening of the economy and vaccine euphoria drove the company's stock price higher.

Meanwhile, Pembina Pipeline operates a highly regulated business, with 95% of its adjusted EBITDA generated from regulated assets or long-term contracts, which protects the company from downside risk. For 2021, the company's management has provided a promising outlook, with its adjusted EBITDA projected to grow 9% from the mid-point of its 2020 guidance.

The company has rewarded its shareholders by paying $9.4 billion in dividends since its inception. It currently pays monthly dividends of $0.21 per share, representing an attractive dividend yield of 7%. Given its stable cash flows, strong growth prospects, and healthy liquidity of $2.54 billion, I believe Pembina Pipeline's dividends are safe.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

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