



3 of the Best Dividend Stocks in Canada for Monthly Income

Description

Canadian investors looking for passive income have tonnes of choices, as there are many dividend stocks in Canada. Finding the best dividend stocks, though, depends on what you're looking for. Dividend investing is a great feeling and one of the best investing strategies there is. Not all dividend stocks are alike, though.

Larger, more reliable dividend stocks are often not very volatile, making them key for stability in the portfolio. Plus, older, more established businesses that earn consistent cash flow are usually the ones more likely to pay dividends.

The more cash that companies return to investors, the less they are investing in growth. That's why bigger, more mature companies return more cash to shareholders. Small-cap stocks with a tonne of potential, however, usually pay no dividend or very little of their earnings.

This is why it's important to know what you're looking for before deciding what the best dividend stocks in Canada are.

Most companies that pay a dividend make a payment every quarter. However, some stocks pay investors every month, which is an even more attractive proposition. Here are three of the best monthly dividend stocks in Canada to buy today.

A top Canadian real estate stock

For investors looking for a higher-yield investment, **Northwest Healthcare Property REIT** ([TSX:NWH.UN](#)) is a great choice.

Northwest Healthcare Properties is one of the best dividend stocks in Canada for long-term investors, because it combines two highly defensive sectors, [health care](#), and real estate.

The trust owns hospitals and medical office buildings in several countries, too. This is crucial, as it's well diversified. Another reason the fund is such a high-quality investment is that its cash flows are so

resilient.

Roughly 85% of its income comes either directly or indirectly from government spending. This is what's allowed Northwest to be so resilient through the pandemic.

Today, the stock's monthly dividend is yielding an impressive 6.2%. So, if you're looking for a high-quality investment with an attractive yield that can pay you monthly, Northwest is one of the best dividend stocks in Canada to buy today.

A top Canadian restaurant royalty stock

Another top Canadian stock for [dividend investors](#) is **A&W Revenue Royalties Income Fund (TSX:AW.UN)**, a restaurant royalty stock.

Royalty companies often make high-quality dividend stocks, because their cash flows are so stable. In A&W's case, the stock receives a royalty from all the sales in its restaurant royalty pool.

That means it's collecting a royalty on sales from its more than 950 restaurants across Canada. The nature of receiving royalties on sales makes the fund's income a lot less volatile. However, unprecedented events like the pandemic still made a significant impact.

Nevertheless, A&W has shown strong resiliency through the pandemic. Despite pausing the dividend for a few months, the fund has already reinstated it and is quickly raising it back to pre-pandemic levels.

With the fund now paying a monthly dividend that totals \$1.62 annually, the stock yields 4.5% today. \$1.62 is roughly 85% of the \$1.91 annual dividend it paid before the pandemic. That's pretty impressive, considering it only reinstated the dividend in July.

A&W's recovery has been incredible, which is why it's one of the best dividend stocks in Canada.

Plus, before the pandemic, it had been a great growth stock too. So, as the economy continues to emerge from the pandemic, I wouldn't be surprised to see A&W continue its rapid growth.

One of the best dividend stocks in Canada to buy now

Lastly, one of the best stocks in Canada for both dividend investors and growth is **AltaGas (TSX:ALA)**.

AltaGas is a great investment, because it offers investors incredible growth potential with its midstream segment. Unfortunately, though, because it's exposed to the Canadian energy sector, which is highly cyclical, these operations can be cyclical, too.

That's where AltaGas's high-quality utility operations play a significant role in adding resiliency to the stock. The combination offers investors a top Canadian dividend stock with a tonne of growth potential that's also quite safe.

Today, its monthly dividend yields 4.7%, and that's with AltaGas paying out just 60% of its earnings over the last 12 months.

A 4.7% dividend combined with AltaGas's impressive long-term growth potential make it one of the best long-term stocks to buy today.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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1. TSX:ALA (AltaGas Ltd.)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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