



The 4 Best Canadian Stocks to Buy for Monthly Income

Description

If you're looking to replace your paycheck with dividends, stocks that have monthly payouts are ideal. Here are the top five best Canadian stocks to buy for monthly income.

Best renewables stock to buy

TransAlta Renewables ([TSX:RNW](#)) is an ideal pick for income-seeking investors who need a stable stream of cash flows. The transition to renewable energy is likely to drag on for decades and cost several trillions of dollars. Providers like TransAlta are at the forefront of this ongoing revolution, which could create a windfall for patient shareholders.

TransAlta stock offers a 4.7% dividend yield that's paid out every month. However, the company pays out more in dividends than it earns in net income (not unusual for utilities) and hasn't had steady dividend growth. Nevertheless, it's a great pick for passive-income-seeking investors.

Best financial stock to buy

First National Financial ([TSX:FN](#)) is rarely mentioned by the media or even by my Fool colleagues. In July, Christopher Liew, CFA, described it as one of the [most obscure stocks](#) on the TSX today.

That obscurity is great for bargain hunters. First National stock trades at an unbelievable 11 times earnings per share. It also offers a 5% dividend yield that is paid out every month.

The First National team is also relatively conservative with its cash flow. The dividend-payout ratio is less than 75%. That means the dividend is sustainable, and the team has managed to expand it consistently every year for the past few decades. That's why First National stock deserves a spot on your watch list.

Best monthly dividend stock to buy

Exchange Income Fund ([TSX:EIF](#)) is an intriguing dividend stock with a boring name. The company offers auxiliary services to the airline industry. Think maintenance services, materials, training, and custom helicopters. The business took a beating in 2020 but is rebounding strongly this year.

However, the stock remains suppressed, which is why the yield is so high. Exchange Income Fund offers a 5.4% dividend yield paid out every month. The team also has a track record of bumping dividends every year for the past nine years. It's not much of a growth stock, but if you're looking for passive income, this is one of the best bets on the TSX today.

Best REIT stock to buy

Retail landlord **SmartCentres REIT** ([TSX:SRU.UN](#)) is the last pick on this list. With all its properties anchored by the largest brick-and-mortar retailer in the world, this REIT is nearly impervious to economic cycles. Despite that, the stock price dropped 45% in March last year. Since then, it has slowly crawled back up but is still below its 2019 level.

This dip in the stock price has pushed the dividend yield up to 6%. Since SmartCentres is also a Dividend Aristocrat, investors can expect this dividend to rise steadily in the near future. That's why it deserves a spot on your monthly income watch list.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:FN (First National Financial Corporation)
3. TSX:RNW (TransAlta Renewables)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Author

vraisinghani

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