Passive Income: Get +6% Yields From 2 Monthly Dividend Stocks

Description

Interests are not a good source of income, because interest rates are at historic lows. The best five-year GIC rate provides a yield of only 2.25%. You could potentially get higher yields from corporate bonds, but not without taking on greater risks. Other than taking on interest rate risk, the underlying companies could also have weak balance sheets.

You can increase your income generation considerably by buying and holding high-yield dividend stocks. Here are two monthly dividend stocks you'll want to explore. They provide yields of more than 6% today!

Pembina Pipeline yields 6.5%

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a resilient energy infrastructure business that provides energy transportation and midstream services. It has operated in North America for more than six decades.

Here are its results for the first half of the year (H1). Volumes across its pipelines and facilities saw a small tick up versus H1 2020, while gross profits declined slightly by 1%.

Revenue jumped 36% to $4 billion year over year, while adjusted operating cash flow declined 4% to $1.1 billion. Since its capital expenditure declined by about half, its payout ratio based on free cash flow was about 82% in H1 2021.

Additionally, Pembina's adjusted EBITDA, a cash flow proxy, held steady at $1.6 billion. Management expects the adjusted EBITDA to be slightly better in the second half of the year.

The dividend stock has kept the same monthly dividend since January 2020. Although Pembina shareholders may be disappointed with the missed opportunity in **Inter Pipeline**, growth could still come real soon, as the company just announced three partnerships, including a liquefied natural gas project, to help drive future growth. Meanwhile, investors can enjoy a dividend yield of close to 6.5%. Now, that's an awesome monthly income!

Northwest Healthcare Properties REIT yields 6.2%

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is a healthcare properties landlord that partners with operators around the world. Some of its largest tenants are Australia-based Healthscope and Rede D'Or, a leading hospital operator in Brazil. Its top five tenants generate about 43% of its gross rent.

Management highlighted that in the second quarter, the real estate investment trust (REIT) saw a 6% gain in its net asset value per unit "on strong revaluation gains in Australia and a rebounding Brazilian real."

Other growth drivers include the expansion of its portfolio from acquisitions and its development pipeline. For example, the REIT recently acquired U.K.-based Aspen Healthcare, which allowed NorthWest Healthcare to acquire two high-quality assets and control over the operations of eight hospitals. It plans to sell these hospital operations later this year.

NorthWest Healthcare's portfolio now spans 190 properties across $8.3 billion of assets in seven countries. Its long-weighted average lease expiry of about 14 years is to be admired. With solid contracted cash flows, high occupancy of nearly 97%, and a payout ratio of 87% of normalized funds from operations, the REIT should be able to maintain its yield of nearly 6.2%.

The Foolish takeaway

Both stocks are great for monthly income. However, they are, at best, fairly valued. So, don't buy now unless you need current income. For better protection of your principal, consider buying these high-yield stocks during market corrections.

CATEGORY

1. Dividend Stocks
2. 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)

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kayng