



3 Top TSX Stocks to Buy for Monthly Dividend Income

Description

I don't know about you, but receiving monthly cheques (or deposits) from dividend stocks is a secret joy in my life. There is just something great about collecting regular payments for essentially doing nothing (other than contributing your capital to a business).

Some people rely on dividends as a part of their monthly income, while others like to use them to fund hobbies, vacations, or other investments. Regardless of how you choose to use dividends, it is important to be sure that they come from [a high-quality business](#).

A high-quality business is one with a strong balance sheet, stable/predictable cash flows, smart managers, and long-term trends supporting growth. If you are looking for some good-quality stocks that pay monthly dividends, here are three to look at today.

A top real estate dividend stock

BSR REIT ([TSX:HOM.U](#)) is a great way to get exposure to multi-family rental properties in the United States. While there is nothing wrong with many of Canada's apartment REITs, I like to have some exposure to U.S. real estate. BSR owns a fairly new, attractive portfolio of amenity-rich apartments in Houston, Dallas, Austin, and Oklahoma City.

For a number of years, these cities have been seeing incredibly high immigration rates. Consequently, BSR is seeing low-teens rental rate growth and over 96% occupancy. In its most recent second quarter, it saw its property values skyrocket by 22% over last year.

The company has a great balance sheet. It has around \$200 million of liquidity that it can deploy into further acquisitions this year. This should result in further cash flow growth for the next few years. This dividend stock pays a nice 3.3% yield. That translates into a monthly cash distribution of US\$0.417 per unit.

A top renewable stock

If you want a growing [renewable stock](#) that pays a decent dividend, then you may want to consider **Northland Power** ([TSX:NPI](#)). It has a global power portfolio that includes a utility, solar and wind power assets, as well as natural gas power plants. Today, it produces 2,800 megawatts of power capacity.

The company has a particular expertise at developing and operating offshore wind projects. From this, it has a very large development pipeline. Over the decade, it could nearly triple its power production capacity. While the company develops this, it has backfilled its cash flows with a renewable power portfolio in Spain, an onshore wind project in New York, and a solar field in Mexico.

This company can have lumpy results due to weather variability and its increased investment into capital growth projects. Consequently, you need to think very long-term with this stock. Fortunately, its 2.9% dividend is covered by cash flows. Likewise, its payout ratio should come down as it brings a number of cash-accretive projects online next year. This TSX stock pays a \$0.10-per-share dividend every month.

A top regulated dividend stock

One last monthly dividend stock that looks pretty attractive today is **AltaGas** ([TSX:ALA](#)). This stock pays a 3.95% yield. That translates to a \$0.0833 dividend per share every month. Over the past few years, AltaGas has performed an admirable job at turning its business around. It has simplified operations, reduced debt, and focused on more stable, higher-margin investments.

Today, it operates a natural gas utility business in the United States. This collects very predictable regulated stream of cash flows. It also operates an integrated natural gas midstream/export business that is performing very well this year.

In [its most recent second quarter](#), AltaGas saw normalized EBITDA and earnings per share increase year over year by 12% and 33%, respectively. AltaGas has an attractive amount of imbedded organic growth. Consequently, I suspect it could grow its dividend regularly on a go-forward basis.

CATEGORY

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2. TSX:HOM.U (BSR Real Estate Investment Trust)
3. TSX:NPI (Northland Power Inc.)

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