



Top 5 Under-\$50 Monthly Income Stocks

Description

As interest rates remain low and could continue to trend lower in the foreseeable future, it's prudent to bet on reliable dividend-paying stocks to generate a worry-free inflow of cash.

While the list of top-quality dividend-paying Canadian stocks is long, a few offer monthly payouts. Let's look at five such monthly paying stocks you can consider buying now. I have restricted the list to stocks that are trading below \$50 and have sustainable payouts.

Pembina Pipeline

Speaking of monthly paying dividend stocks, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) comes first to my mind. This energy infrastructure company has distributed over \$10 billion in dividends since its inception. In the last decade, it has increased the dividend by a CAGR of 5%. It pays a monthly dividend of \$0.21 a share and offers a stellar yield of 6.0%.

It is interesting to note that Pembina's [dividend payouts](#) are covered through its resilient, fee-based cash flows. Its diversified and highly contracted assets consistently generate strong fee-based cash flows and drive higher payments. I believe its contractual framework, exposure to multiple commodities, solid backlogs, and growth projects will continue to fuel its cash flows and drive enhanced dividend payments.

NorthWest Healthcare

NorthWest Healthcare's ([TSX:NWH.UN](#)) low-risk business, diversified healthcare real estate assets, higher occupancy, and long lease expiry term are the reasons why one should consider buying this monthly paying dividend stock. It is worth noting that most of NorthWest's tenants are government-backed, adding stability to its business. Further, the majority of its rent is inflation-indexed, which is very encouraging.

NorthWest Healthcare is expanding in high-growth markets. Meanwhile, its strategic acquisitions,

robust balance sheet, and focus on deleveraging augur well for growth and are likely to support its monthly dividend payments. It pays a monthly dividend of \$0.067 per share, reflecting a high yield of 6.0%.

AltaGas

AltaGas ([TSX:ALA](#)), in my opinion, is an [excellent stock](#) that offers a monthly dividend of \$0.083 per share. Meanwhile, it yields about 3.9% at current price levels, which is lucrative. Thanks to its regulated utility assets and high-growth midstream operations, AltaGas generates solid cash flows that drive its dividend payments.

The continued increase in its rate base, improved energy demand, higher export volumes in its midstream business, and increased utilization rate will likely support its future growth as well as its payouts. Further, customer acquisitions, cost efficiencies, and the integration of Petrogas bode well for future growth.

TransAlta Renewables

Like AltaGas, **TransAlta Renewables** ([TSX:RNW](#)) is another attractive monthly dividend-paying stock that currently yields about 4.9%. It has annually increased its dividend at a CAGR of 3% since 2013 and targets a sustainable payout ratio of 80-85%.

TransAlta could continue to reward its shareholders with steady monthly payouts thanks to its low-risk business, highly contracted renewable power assets, and predictable cash flows. Meanwhile, its diversified asset base, strategic acquisitions, and strong balance sheet could continue to drive its earnings and dividend payouts.

Northland Power

The last stock on my list is **Northland Power** ([TSX:NPI](#)). This renewable power company has consistently paid monthly dividends, while its payouts are reliable and sustainable in the long run. It offers a monthly dividend of \$0.10 per share and yields about 2.9% at current price levels.

Northland Power's diversified assets and long-term agreements will likely generate predictable cash flows. Furthermore, an improving energy outlook, robust development projects, capital investments, and increasing installed capacity could boost its free cash flows and support future dividend payouts.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)

2. TSX:ALA (AltaGas Ltd.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:RNW (TransAlta Renewables)

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