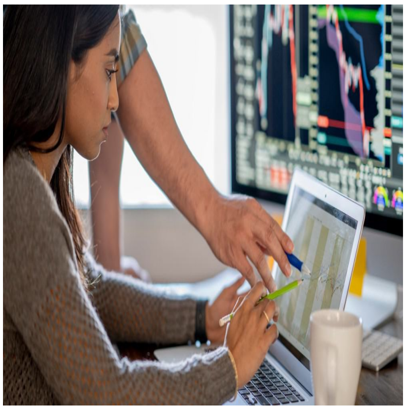

The 2 Best Monthly Dividend Income TSX Stocks to Buy Today

Description

The payout frequency is not the first thing you see when you look for dividend stocks that offer high enough (and hopefully, sustainable) yield to help you start a sizeable passive income. That's because whether the distributions are monthly or quarterly, the same amount of money would come to you. But monthly payouts offer more convenience.

You don't have to regulate/stash your cash from quarterly payouts to last the whole three months when the new payment arises, which requires decent financial discipline and a bit of budgeting. And if that's difficult for you to manage, it might be a good idea to look for dividend stocks that offer the right combination of both: payment frequency and high yield.

But it's important to take other positives and negatives into account and rely on fundamentals to guide your decision more than convenient frequency.

A power generation company

Toronto-based **Northland Power** (TSX:NPI) is focused primarily on producing green and clean power. The company has a global portfolio of assets (though most of them are concentrated here in North America) that includes offshore and onshore wind farms, solar farms, and efficient natural gas-based power plants. The company focuses mostly on its offshore wind asset class.

Apart from having a green portfolio, which is quite an attractive feature for a stock you are planning to hold long-term, the company also offers monthly dividends. It has grown its dividends only once since 2017. The 3% yield might not look like much if you are looking at the stock from a pure dividend perspective, but combine it with a 10-year compound annual growth rate of 15% and you have quite a profitable holding on your hands.

If you invest about $50,000 in the company, it will give you about $125 a month in passive income. But significantly more impressive is that if the stock maintains its growth rate, it can easily more than double your capital in less than a decade.

A mortgage company

More growth and less yield might not be the combination you are looking for, and if you are looking for an asset that yields more heavily toward dividends compared to capital growth potential, **First National Financial** (TSX:FN) might be the stock to choose. The mortgage company is currently offering a generous 5.1% yield, which might rise higher if the stock keeps sliding down the way it is now.

The company is a diversified mortgage lender. It offers mortgages to residential borrowers as well as commercial buyers/investors. It's counted among the largest non-bank lenders in the country, which is both a good and a bad thing. It allows the company to tap into a rich cash flow source, but it also gives the company too much exposure to potentially dangerous asset classes (for now at least) like the housing market.

Foolish takeaway

Ironically, many investors look to REITs when they are looking for these two things, that is, high yields and monthly frequency. And neither of the two stocks are REITs. But both are dividend stocks that offer monthly payouts, and if you can hold them in your TFSA, the monthly dividend income would be completely tax-free.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)
2. TSX:NPI (Northland Power Inc.)

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