



4 Top TSX Stocks to Buy for Monthly Passive Income

Description

After the recent market pullback, there are plenty of opportunities to buy better-priced **TSX** stocks that produce monthly passive income. It isn't often you can buy top-quality income stocks at significant bargains, so now is the time to load up. Here are four [dividend stocks](#) to consider today.

A rising energy stock

Oil prices are elevated, and they will likely stay that way longer than many are willing to admit. That is a significant positive for **Whitecap Resources** ([TSX:WCP](#)). It has core oil operations across Western Canada. It produces over 130,000 barrels of oil per day.

This stock currently pays a \$0.03 dividend every month. After a recent pullback in the stock price, that equals a 3.7% annual dividend yield.

It has a free cash flow breakeven level at US\$40 per barrel of oil. At US\$95 (below the current price), it expects to generate over [\\$1.4 billion in excess cash](#) after dividends are paid. Whitecap should be nearly net debt free by the end of 2022, so shareholders can likely expect substantial share buybacks and further dividend increases going forward.

Energy infrastructure for stable passive income

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) stock is a way to get exposure to the strong energy environment, but with lower commodity pricing risk. It operates a large-scale pipeline and midstream network across Western Canada. Over 90% of its assets are contracted, so it captures a reliable base of cash flows.

This supports its attractive \$0.21 per share monthly dividend. At \$49 per share, that equals a 5.1% annual dividend yield. Pembina just announced [a record-breaking quarter](#) with adjusted EBITDA, cash from operations, and earnings growing 20%, 43%, and 50%, respectively.

After it completes a joint venture agreement with **KKR** later this year, Pembina will increase its dividend by 3%. If strong energy markets persist, chances are very good that its dividend will continue to increase in years ahead.

A top packaging distributor

Richards Packaging ([TSX:RPI.UN](#)) is a really cheap stock you can buy for monthly passive income. At \$43 per unit, Richards only trades for eight times EBITDA and 11 times earnings. Richards operates a boring business. It distributes specialized packaging/containers and medical equipment.

Yet, RPI has been one of the best stocks on the TSX over the past 10 years. Since 2012, it has delivered a 707% return if you include dividends. That is a compounded annual rate of return of 23%!

The company has been a very good compounder of capital and it has grown its dividend payout by nearly 100% since 2012. It pays a well-covered \$0.11 distribution every month, which equates to 3% dividend at today's price. This does not include a recent \$0.69 special dividend it paid out as well.

A real estate stock for passive income

Real estate has been a good hedge in inflationary environments. One TSX stock that presents a mix of value, growth, and passive income is **European Residential REIT** ([TSX:ERE.UN](#)). While it is listed on the TSX, it owns residential and commercial properties entirely in Europe (mainly in the Netherlands).

The Netherlands is a very attractive place to own apartment rentals for its strong rule of law, low housing inventory, and consistently high rental demand. This REIT has enjoyed very steady cash flow per share growth due to some great acquisitions and strong internal growth.

Every month, this REIT pays a \$0.01367 distribution. That is a 3.4% dividend yield right now. It has raised its dividend each year in the past few years and further increases are likely.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:ERE.UN (European Residential Real Estate Investment Trust)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RPI.UN (Richards Packaging Income Fund)
5. TSX:WCP (Whitecap Resources Inc.)

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