Boost Your Passive Income With These 3 Monthly Paying Dividend Stocks

Description

The ongoing Russia-Ukraine war has disrupted supply chains, thus driving fuel and food prices. Despite quantitative easing measures, the Bank of Canada projects inflation to remain around 8% for the second and third quarters. Meanwhile, higher prices are eating into consumer pockets. So, it is prudent to supplement yourself with secondary income.

Investing in monthly paying dividend stocks would be one of the cheapest and most convenient ways to earn passive income. Meanwhile, here are my three top picks.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a midstream energy company that operates diverse regulated assets underpinned by fee-for-service, take-or-pay, and cost-of-service contracts. These long-term contracts stabilize its financials, thus generating stable and predictable cash flows. Supported by these robust cash flows, the company has raised its dividend at a CAGR of 5% over the last 10 years. With a monthly dividend of $0.21/share, the company's forward yield currently stands at a juicy 5.55%.

Meanwhile, Pembina Pipeline and KKR have announced to combine their Western Canadian natural gas processing operations under a joint venture, which could deliver substantial savings for the company. The company expects to put around $900 million of projects into service this year, thus boosting its financials in the coming years. Meanwhile, the company's valuation looks attractive, with its NTM price-to-earnings multiple of 17.1. So, considering all these factors, I am bullish on Pembina Pipeline.

TransAlta Renewables

With a healthy forward dividend yield of 5.55%, **TransAlta Renewables** (TSX:RNW) would be my second pick. The energy company has an economic interest in 49 diverse power-generating facilities with a combined production capacity of 2,968 megawatts. Its long-term power-purchasing agreements with clients shield its financials from price and volume fluctuations, delivering stability to its earnings.

TransAlta Renewables is expanding its Mount Keith transmission system, which will be completed by the second half of 2023. Once operational, it would annually contribute AUD$6-AUD$7 million to its adjusted EBITDA. The company has a solid pipeline of projects which are in evaluation or developmental stages. The company also focuses on strategic acquisitions and has made around $3.4 billion worth of acquisitions since going public in 2013.

Despite its healthy growth prospects, TransAlta Renewable trades at an attractive NTM price-to-earnings multiple of 20.7, making it an excellent buy.

Keyera

Keyera (TSX:KEY) is an energy infrastructure company that provides fee-based services to exploration and production companies. It also offers value-added services to its customers across North America. Supported by its solid underlying business, the company has grown its DCF per share at a CAGR of 8% since 2008. Also, it has raised its dividend at an annualized growth rate of 7% over the last 14 years. With a monthly dividend of $0.16/share, its forward yield currently stands at 6.5%.

Meanwhile, I expect the company's asset utilization rate to rise amid the growth in energy demand. The company expects to deliver KAPS Liquids Pipeline System, South Cheecham Sulphur Facilities, and KFS Storage Caverns 18 over the next 12 months, which could drive its financials. Given these growth initiatives, Keyera's management expects its adjusted EBITDA to grow at a CAGR of 6-7% through 2025. So, I believe the company is well equipped to maintain its dividend growth.

CATEGORY

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2. TSX:KEY (Keyera Corp.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RNW (TransAlta Renewables)

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Date
2025/08/17
Date Created
2022/07/15
Author
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