



## Income Investors: 2 ETFs That Pay High Monthly Dividends

### Description

[Canadian dividend stocks](#) are fantastic, but there is a slight problem that irks some income investors: the dividends are often paid out quarterly. This can make it difficult for investors to make consistent withdrawals without selling shares.

A great way around this is via various income-oriented [exchange-traded funds \(ETFs\)](#) that pay monthly distributions. Today, I'll be profiling two **BlackRock iShares** ETFs that each yield over 5% annually and provide monthly income. Let's get into it!

### Preferred shares

A great alternative to traditional income-generating assets like real estate investment trusts (REITs), dividend stocks, or corporate bonds are preferred shares. To put it simply, a preferred share is a unique hybrid security with both stock and bond features.

Preferred shares often have dividends that are paid out to shareholders before common stock dividends are issued. If a company goes bankrupt, preferred stockholders are entitled to be paid from company assets before common stockholders. However, they do not have voting rights like common shares.

One ETF that holds preferred shares is **iShares S&P/TSX Canadian Preferred Share Index ETF** ([TSX:CPD](#)), which has holdings in numerous large-cap Canadian banks and energy companies. Currently, CPD pays a very strong distribution yield of 5.21%. The ETF costs a management expense ratio of 0.50%.

### Corporate bonds

**iShares Canadian Financial Monthly Income ETF (TSX:FIE)** holds shares of CPD in addition to corporate bonds and income trust units. This provides it with a more diversified stream of income in addition to a fixed-income holding for slightly lower volatility.

FIE currently holds a combination of preferred shares, corporate bonds, and regular common shares from Canadian banks but also includes other financial sector companies like insurance companies and asset managers. This makes the ETF strongly tilted towards the financial sector.

Currently, FIE pays an even higher distribution yield of 6.88%, which rivals even dividend-paying stocks from the energy sector. However, the fund is also significantly more expensive than CPD, with a management expense ratio of 0.81%.

## The Foolish takeaway

If high monthly income is your objective, either CPD or FIE could be a good core portfolio holding. Both ETFs possess a high distribution yield that is paid out monthly. However, neither are particularly diversified, so, for safety, consider holding stocks from other sectors or adding a higher bond allocation. Investors should also be cautious of their high management expense ratios, which can eat into returns over long periods of time and with higher amounts invested.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CPD (iShares S&P/TSX Canadian Preferred Share Index ETF)
2. TSX:FIE (iShares Canadian Financial Monthly Income ETF)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. kduncombe
2. tdong

### Category

1. Dividend Stocks
2. Investing

**Date**

2025/06/29

**Date Created**

2022/08/02

**Author**

tdong

default watermark

default watermark