The 3 Best Monthly Dividend Stocks in Canada to Drive Your Passive Income

Description

Investing in top-quality monthly dividend stocks drives your passive income. Besides strengthening your passive income, it accelerates the pace of achieving your financial targets fast. So, if you plan to boost your passive income, here are the three best Canadian stocks offering monthly dividends.

Keyera

Keyera (TSX:KEY) runs an energy infrastructure business and is known for consistently enhancing its shareholders' returns through dividend payments and growth. Its distributable cash flow (DCF) per share has increased at a CAGR (compound annual growth rate) of 8% in the last 14 years. Since its dividend payments are covered through its growing DCF, the company has been able to increase its dividend at a CAGR of 7% during the same time.

Keyera's fee-for-service energy infrastructure business generates resilient cash flows that would enable it to boost its shareholders' returns in the coming years. Meanwhile, the momentum in the marketing segment would help fund infrastructure growth projects.

Keyera's balance sheet remains strong with low leverage (net debt/adjusted EBITDA [earnings before interest, taxes, depreciation, and amortization] ratio of 2.4 in 2021). Meanwhile, its target payout ratio of 50-70% of DCF is safe and sustainable. Keyera projects its adjusted EBITDA to grow at a CAGR of 6-7% in the next three years. This would support its DCF per share growth. By investing in Keyera stock at current levels, one can earn a monthly dividend of $0.16 a share, translating into a high yield of 5.9%.

Pembina Pipeline

My next pick is also from the energy space. Within the energy sector, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is a worthy candidate for passive-income investors. Pembina operates a highly contracted energy infrastructure business that generates solid fee-based cash flows. These fee-based cash flows comfortably cover its payouts and help the company to enhance its shareholders' value.

Pembina has maintained and increased its dividend for more than two decades. Its dividend grew at a CAGR of 5% in the last decade. Further, given the strong base of its contracted assets, reliable counterparties, new growth projects, and benefits from higher volumes and price realizations, Pembina is well positioned to return solid cash to its shareholders in the coming years.

Pembina pays a monthly dividend of $0.21 a share, reflecting a dividend yield of 5.3% at current price levels. Further, Pembina's payout ratio (approximately 75% of fee-based cash flows) is sustainable in the long term.

NorthWest Healthcare Properties REIT

I'll wrap up with **NorthWest Healthcare Properties REIT** (TSX:NWH.UN). REITs (real estate investment trusts) are known for their high payouts, making them must-haves in your passive-income portfolio. As for NorthWest Healthcare, its defensive real estate assets provide it an edge over peers.

NorthWest Healthcare's payouts are supported through its steady cash flows from government-backed tenants. Further, its high occupancy rate of 97% and long weighted average lease expiry term of 14.6 years add visibility over future earnings and distribution. It's worth mentioning that about 80% of NorthWest's rents are inflation-indexed, while it is expanding in high-growth regions like the U.S.

NorthWest Healthcare pays a monthly dividend of $0.067 a share, which translates into a high yield of 6.1%.

Bottom line

These Canadian companies have maintained and grown their dividends amid all market conditions, making them a reliable bet to boost your passive income. Further, their sustainable payouts and high dividend yield make them an attractive investment to boost your monthly passive income.

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Date
2025/09/01
Date Created
2022/08/20
Author
snahata