



Want Monthly Passive Income? These TSX Dividend Stocks Are for You

Description

Dividend stocks offer investors the opportunity to generate a steady stream of recurring income. A company distributes its profits to shareholders in the form of dividends, which can either be withdrawn or reinvested to purchase additional shares of the entity.

While most companies pay investors a quarterly dividend, a few have monthly distributions. Here, we'll look at three TSX stocks that pay monthly dividends to shareholders.

Freehold Royalties

Freehold Royalties ([TSX:FRU](#)) manages one of the largest oil and natural gas royalties in Canada, with an expanding base south of the border. Its total land holdings encompass 6.1 million gross acres in Canada, and it has royalty interests in 15,000 producing wells and 350 units in North America.

In addition to oil and gas, Freehold Royalties generates sales from potash and lease rental streams diversifying its royalty revenue portfolio. Due to a wide base of clients, Freehold's overall risk is low. As a royalty owner, it benefits from the drilling activity of partners and requires minimal capital investments to maintain its asset portfolio.

The company is focused on providing investors with lower-risk returns, and Freehold pays dividends from a high-netback portfolio of mineral titles and royalties on its portfolio of properties.

Freehold Royalties offers investors a dividend yield of 7.8%, and the stock is up 70% in the last year. It aims to maximize royalty interests through a comprehensive audit program and manage debt with a reasonable leverage ratio.

Northland Power

Northland Power ([TSX:NPI](#)) owns three gigawatts of operating generating capacity. It also has a significant inventory of projects in construction that are in various stages of development,

encompassing more than 14 GW of potential capacity.

The company pays investors dividends of \$0.1 per share each month, indicating a forward yield of 2.63%. After adjusting for dividends, Northland Power has returned 288% to investors in the last decade, easily outpacing the broader indices.

In the second quarter (Q2) of 2022, NPI increased sales to \$557 million, up from \$408 million in the year-ago period. Its gross profit rose 30% to \$485 million, while adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) increased over 50% to \$335 million in the June quarter.

Its stellar growth metrics allowed NPI to end Q2 with a net income of \$268 million, up from a net loss of \$6 million in the prior-year quarter.

Pembina Pipeline

It's difficult to ignore **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) while shortlisting monthly [Canadian dividend stocks](#). The energy infrastructure giant has a forward yield of 5.3%, given its monthly dividend payout of \$0.163 per share. Further, these payouts have increased by 5% annually in the last 10 years.

Pembina Pipeline's dividend payouts are sustainable, as it generates close to 88% of its cash flows from fee-based contracts. It also pays less than 60% of free cash flow via dividends, providing Pembina with enough room to increase these payments in the future. Throw in an investment-grade balance sheet, and Pembina should be on top of your shopping list right now.

Pembina continues to expand its base of cash-generating assets, driving earnings and cash flows higher.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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