3 Cheap Monthly Paying Dividend Stocks to Buy Right Now

Description

Amid the volatile equity market and high inflation, investors should look to buy quality, monthly paying dividend stocks. These companies deliver stable passive income, thus allowing investors to cushion against price rises. These companies are less susceptible to market volatility due to their consistent payouts. Meanwhile, here are my three top picks.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an excellent buy due to its highly defensive healthcare portfolio spread across multiple countries. It has placed long-term contracts with its tenants, lowering vacancies. The weighted average lease expiry of these contracts stands at 14.1 years. Most of its customers have government backing, while 82% of its rent is inflation indexed. So, the company delivers stable cash flows, thus allowing it to pay dividends at a healthier rate. With a monthly dividend of $0.0667/share, the company’s forward yield stands at an attractive 6.33%.

Further, NorthWest Healthcare is spreading its footprint to new markets, such as the United States. It recently acquired 27 healthcare properties across the country for $765 million. Its financial position also looks healthy amid raising funds through secondary offerings and selling non-core assets. So, given its stable cash flows and healthy growth prospects, I believe the company’s dividend is safe. The company’s valuation looks attractive, with its NTM (next 12-month) price-to-earnings ratio standing at 7.5

TransAlta renewables

TransAlta Renewables (TSX:RNW) has an economic interest in a portfolio of renewable and non-renewable power-generating facilities with a total capacity of 2.96 gigawatts. Meanwhile, the company has signed long-term agreements to sell its power, with the weighted average remaining contractuallife of these agreements at 11 years. So, these agreements provide stability to its financials byshielding against price and volume fluctuations. Supported by these solid cash flows, the companycurrently pays a monthly dividend of $0.07833, with its yield at a healthy 5.43%.

For this year, TransAlta Renewables's management projects its dividend-payout ratio to be between 88% and 102%, which is not sustainable in the long run. However, the company hopes to bring it down to 80-85%. New projects and contract extensions could boost its earnings in coming quarters, thus lowering its payout ratio. It also focuses on making strategic acquisitions to drive growth. Since 2013, the company has completed over $3.4 billion of acquisitions. The company is also trading at a reasonable NTM price-to-earnings ratio of 21.4.

Keyera

With an impressive yield of 6.22% and an attractive NTM price-to-earnings multiple of 6.22%, **Keyera** (TSX:KEY) is my final pick. It services exploration and production companies by connecting oil wells with refineries. So, it is less susceptible to oil price fluctuations. The company earns a substantial percentage of its cash flows from fee-for-service and take-or-pay contracts, thus providing stability to its financials. Amid these robust cash flows, the company has raised its dividends at a CAGR (compounded annual growth rate) of 7% since 2008.

Meanwhile, Keyera has a solid pipeline of projects, which could become operational over the next three years. Given its growth prospects, the company's management expects its adjusted earnings before interest, tax, depreciation, and amortization to grow at an annualized rate of 6-7% through 2025. So, the company is well positioned to continue its dividend growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:RNW (TransAlta Renewables)

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