



Passive Income: 2 TSX Dividend Stocks That Pay You Monthly

Description

There are tonnes of advantages to buying **TSX** dividend stocks. It's why they are some of the most popular investments to make.

One of the most significant advantages that dividend stocks offer is consistent passive income that helps to lower the risk of your investment but also gives you the opportunity to reinvest that capital and [compound](#) your income.

But while most stocks return cash to investors every quarter, there are some stocks that return cash every single month. That may not seem like a huge difference, but having that capital come in even faster allows you to put it to work more quickly and therefore increase the rate at which you're compounding your capital.

While the majority of TSX stocks pay you quarterly, there are still several that pay investors monthly. And of all the monthly dividend stocks on the TSX, here are two of the best that you can buy today and hold for years.

One of the highest-yielding dividend stocks on the TSX

There are plenty of Canadian stocks that pay a dividend. However, only a few are specifically made for dividend investors, such as **Pizza Pizza Royalty** ([TSX:PZA](#)).

Pizza Pizza Royalty is one of the best dividend stocks to buy on the TSX, because it offers an exceptional yield and is constantly looking to return essentially all of its capital. Furthermore, because the stock simply earns a royalty on sales from Pizza Pizza and Pizza 73 locations across Canada, it has few expenses and, therefore, few surprises for investors.

Basically, the majority of Pizza Pizza's revenues flow to the bottom line after it pays a small administration expense and then pays its taxes and interest on any debt.

Therefore, the main number to watch is same-store sales growth to see whether the royalty income its

earning stays the same, is increasing or decreasing. Furthermore, when its revenue does fluctuate, it's often by only 1% or 2%. So, the stock can typically last a few quarters where sales might fall before the dividend comes under pressure.

Another benefit that Pizza Pizza has is its massive footprint, internal delivery service, and well-known brands, which are known as lower-cost food options for cost-conscious consumers.

This is why, although it was still severely impacted by the pandemic, Pizza Pizza fared much better than the rest of its competitors and only had to trim the dividend by 30%.

Today, the stock is in much better shape, although it is facing increasing headwinds as the economy potentially heads towards a recession in 2023. And with the dividend still slightly lower than the earnings per share Pizza Pizza has recorded over the last four quarters, there is still a margin of safety should sales be impacted in this environment.

If you're looking for TSX dividend stocks to buy now, Pizza Pizza and its 6.3% dividend yield is certainly one of the best stocks to consider.

A top Canadian real estate stock

Many real estate investment trusts (REITs) are worth considering if you're looking to buy TSX dividend stocks that pay you monthly. And while several REITs offer attractive yields, one of the best to buy now is **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)).

Canadian Apartment Properties is a massive REIT that owns residential [real estate](#) assets across Canada. In addition to apartment buildings, the stock also owns manufactured housing communities.

Residential real estate is an excellent industry for passive income, because it's incredibly defensive, and these stocks are bringing in tonnes of cash flow each month.

Furthermore, there is a tonne of growth potential, both in the price of the units and the dividend. In fact, CAPREIT has increased its distribution every year for a decade now.

Not only is it one of the best TSX dividend stocks to buy for monthly distributions, but it's also increasing the passive income it provides to investors all the time.

This makes CAPREIT one of the best investments today, especially considering that after years of residential REITs rallying rapidly, it's finally cheap. The REIT now trades roughly 30% off its high, and its yield has risen to more than 3.3%.

If you're looking to buy top TSX dividend stocks today and hold for years to come, CAPREIT is a top choice.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

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