



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

### Description

Monthly [dividend stocks](#) allow investors to generate recurring passive income. Investors can either reinvest these dividend payouts or use them to pay offset a portion of monthly expenses such as utility bills.

Investing in monthly dividend stocks is ideal for retirees who want to create a passive income stream. So, let's take a closer look at some of the top monthly high-yield dividend stocks for 2022.

### Pembina Pipeline

One of the largest pipeline companies in Canada, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) pays investors a monthly dividend of \$0.218 per share, translating to a forward yield of 5.7%. Pembina Pipeline started paying investors a dividend in 1998. In the last 10 years, these payouts increased at an annual rate of 5%.

A primary reason for its tasty dividend is that the company derives 88% of its cash flows from fee-based contracts. Further, its payout ratio is just over 50%, allowing Pembina to increase dividends in the future as well. Equipped with an investment-grade balance sheet, Pembina is a fundamentally strong company.

A large pipeline of expansion opportunities should fuel cash flow growth in the upcoming decade. These include pipeline expansion plans that will provide additional income once operational. Pembina is also building cogeneration plants and optimizing current facilities to lower costs, as well as reduce greenhouse emissions.

Further, it recently agreed to enter into a joint venture agreement to merge its processing assets in Western Canada with a global infrastructure fund. And to make yield-seeking investors even happier, Pembina plans to raise dividends by 3.6% once the deal is closed.

## Superior Plus

A utility company engaged in the energy distribution business, **Superior Plus** ([TSX:SPB](#)) offers investors a dividend yield of 6.8%. The major distributor and marketer of propane and distillates in North America serves 780,000 customer locations in Canada and the United States.

By leveraging its strategically located assets and competitive cost structures, Superior Plus is able to provide shareholders with sustainable and attractive dividends.

Superior Plus is the largest propane distributor in Canada, accounting for 38% of the total market, while it is the fourth-largest distributor in the United States. The stock is trading at a discount of 30% compared to consensus price target estimates. After accounting for its dividend yield, total returns might be closer to 37%.

## Freehold Royalties

Yield lovers will also like the final stock on my list, **Freehold Royalties** ([TSX:FRU](#)). FRU offers investors a forward yield of 7.4%. The royalty oil and gas company aims to deliver long-term risk-adjusted returns to shareholders.

Freehold Royalties drives the development of oil and gas on its properties through lease-out programs. It acquires quality assets with acceptable risk profiles and long economic lives. The company recently paid CDN\$155 million for assets in the Permian Midland and Eagle Ford basins, both prolific shale plays, adding production volumes of nearly 1,100 barrels of oil equivalent per day (boepd).

With help from rising oil prices, Freehold is getting its finances in shipshape for more acquisitions of productive assets ahead. The company more than doubled its funds from operations to \$83.9 million in Q2, while net debt fell to \$33.1 million, from \$40.8 million in the year-ago period.

Despite its high dividend yield, Freehold Royalties' payout ratio stands at 43%, which is quite sustainable. Management also recently increased monthly dividends by 13% to \$0.09 per share. Freehold Royalties has now increased dividends for the sixth time in the last seven quarters.

## The Foolish takeaway

Investing \$5,000 in each of these three stocks will help you generate close to \$980 each year in dividends, representing a monthly payout of \$82.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)

2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:SPB (Superior Plus Corp.)

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