



These Monthly Dividend Payers Could Carry Your Portfolio for Years

Description

If you are postponing [investing in the stock market](#), you are losing hundreds of dollars in monthly dividend income and thousands of dollars in returns. Investing is as easy as breathing, continuous and important to survive. You take short breaths when exercising and long breaths when relaxing. Similarly, disciplined investors invest a smaller amount in a bull market and a large amount in a [bear market](#).

Two stocks for monthly dividends

If you have doubts about where to invest in this bear market, here are two Canadian stocks that will give you monthly dividends for years to come.

TransAlta Renewables

How should you identify the right dividend stock? Look at the company's business and ask yourself, will I buy its goods or services even in the most troubled times? If the answer is yes, you've got a match.

TransAlta Renewables ([TSX:RNW](#)) develops, owns, and operates renewable power generation facilities (wind, hydro, gas). It has a portfolio of 40-plus facilities, which have long-term power purchase agreements with high credit-ranking companies, ensuring it gets paid for the energy output. There are risks of prolonged outages or lower production in some facilities due to climatic conditions.

On the macro front, TransAlta has scope for growth. The demand for green energy will grow as the electric vehicle (EV) revolution gathers momentum. TransAlta's stock fell 21% from its April high as Europe's energy crisis shifted focus to fossil fuel energy. But the Russia-Ukraine war has reignited the need for energy security. Not all countries are rich in fossil fuels. But wind, sun, and water are always there in abundance. Renewable energy can help countries achieve energy security while reducing carbon emissions.

TransAlta Renewables is among the beneficiaries of the transition to green energy. This transition will

take years. But when the growth begins, returns could be significant. In Q2 2022, TransAlta added 325 MW to its renewable energy pipeline towards its 2 GW 2025 target. Only 40% fulfilled, as these projects come online, they will boost cash flows. Management expects the Clean Electricity Growth Plan to increase incremental EBITDA by 54% over the next three years. Investors may not have to wait long for its portfolio to be large enough to increase its annual dividend.

Right now, you can start investing \$100 a week in TransAlta Renewables through your Tax-Free Savings Account ([TFSA](#)) and lock in an annual dividend yield of over 6%. If you follow this regime for five years, you will have \$26,000 invested in the stock and a tax-free monthly dividend of \$130.

Choice Properties REIT

Choice Properties REIT ([TSX:CHP.UN](#)) is a great choice if the monthly dividend is what you seek. This stock diversifies your portfolio into a new real estate asset class that is influenced by different factors. This retail REIT is the landlord of your nearby **Loblaw** supermarket, where you have been shopping since childhood.

Choice Properties REIT has a portfolio of 701 income-generating properties across seven Canadian provinces and 22 projects under development. It earns 57.6% of its [rental revenue](#) from Loblaw and has a 6.1-year lease with the tenant. Choice has an average lease of 5.7 years with other tenants, ensuring the next five years of rental income is stable.

The REIT's second source of income is appreciation in the value of its portfolio. CHP.UN is affected by rising interest rates that have made loans expensive, reducing buying activity. A slowdown in demand has eased property prices, pulling down the stock price of almost all REITs. The CHP.UN stock price is down 21% from its April high, increasing its dividend distribution yield to 5.92%.

If you follow a similar \$100-a-week disciplined investment plan with Choice Properties REIT for five years, your \$26,000 investment could generate a tax-free monthly dividend of \$119. While your portfolio may show losses in the short term, it could appreciate more than 20% in five years as the two stocks bounce back to their average trading price.

Dividend tips

Stocks produce returns in different ways (dividend, capital appreciation, volatility). By creating financial goals, you can invest in stocks that meet your returns and risk tolerance requirements.

The above monthly dividend stocks are ideal if your goal is

- To generate a second source of income,
- Reduce downside risk from growth stocks, and/or
- Accumulate tax-free dividend that snowballs into higher passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:RNW (TransAlta Renewables)

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