2 Ultra-High-Yield Monthly Dividend Stocks in Canada to Buy Now and Hold Forever

Description

The selloff in the Canadian stock market intensified last week after the U.S. Federal Reserve continued to increase key interest rates by 75 basis points for the third consecutive time, marking the central bank's fifth rate hike in 2022. As a result, the **TSX Composite Index** lost nearly 4.7% of its value last week. On the positive side, you can consider the recent market selloff as an opportunity to buy some quality dividend stocks at a big bargain to hold for the long term.

In this article, I'll talk about two of the best Canadian monthly dividend stocks I find worth buying right now, with ultra-high yields of at least 7.7% each. Let's begin.

Freehold Royalties stock

Freehold Royalties (TSX:FRU) is a Calgary-based energy firm that mainly focuses on acquiring and managing oil and natural gas-producing properties across North America. The company currently has a market cap of nearly $2 billion, as its stock trades at $13.40 per share, with a 15% gain in 2022. With this, this monthly dividend stock in Canada is continuing to outperform the broader market on a year-to-date basis. But this dividend stock has seen about 10% value erosion in the last 20 sessions due mainly to a recent decline in commodity prices.

In the June quarter, Freehold Royalties reported record funds from operations for the third consecutive quarter with the help of its consistently expanding asset base across North America. In recent quarters, this Canadian energy company has strategically tried to increase its exposure to U.S. pricing, which has also underpinned the growth in its funds from operations.

While the ongoing drop in the prices of energy products could trim Freehold's profits in the near term, I expect continued supply constraints to reignite a rally in oil and gas prices in the medium to long term and drive this Canadian monthly dividend stock higher. At the current market price, Freehold stock offers an attractive annual dividend yield of about 8.1%, and it distributes its dividend payout on a monthly basis.

Sienna Senior Living stock

Sienna Senior Living (TSX:SIA) could be another great monthly dividend stock to consider in Canada right now. This Markham-based firm currently owns and operates 80 seniors' living residences apart from managing 13 residences for third parties in Canada. Its living options include independent living, independent supportive living, assisted living, and long-term care. In 2022 so far, its stock has seen about 19% value erosion to $12.22 per share, despite its consistent financial recovery in recent quarters, making it look undervalued.

In the second quarter, Sienna reported a 4.9% year-over-year rise in its adjusted funds from operations to $0.24 per share. The property occupancy in its retirement segment saw notable gains in the last quarter, and the occupancy at its long-term-care properties continued to remain strong. With this, its total same property net operating income rose by 9.8% from a year ago to $33.1 million.

While rising inflationary pressures might affect its profitability in the short term, its long-term growth outlook remains strong with consistently rising demand for its seniors' living options. Apart from its positive long-term fundamental outlook, this Canadian monthly dividend stock's high annual yield of around 7.7% makes it even more attractive.

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2. TSX:SIA (Sienna Senior Living Inc.)

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