3 High Dividend Stocks for Monthly Passive Income

Description

Do you want to collect passive income each and every month?

It's a dream that many people have, but not that many achieve. Investing is a great way to get passive income, but it usually isn't monthly income. Dividends are usually paid out quarterly, and bond interest bi-annually.

However, there is one way to collect monthly passive income:

With monthly-pay dividend stocks.

Monthly-pay dividend stocks are rare, but they exist. Most often found in the energy and real estate sectors, they sometimes offer high yields. Technically, the frequency with which dividends are paid out doesn't impact your total return, but if you're living off of dividends, it could help with paying the bills on time. So, without further ado, here are three high dividend stocks with monthly payouts.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a Canadian energy stock that pays a $0.2175 dividend every month. That works out to $2.61 per year, providing a 6.04% yield.

Can that high, monthly dividend continue to be paid out?

Based on PPL's financials, it looks like it can. The payout ratio (dividend payout divided by earnings or cash flows) is 90%. In its most recent quarter, PPL reported $0.70 in earnings per share, and paid $0.63 in dividends per share. So we're pushing it with the earnings-based payout ratio. However, the cash flow payout ratio is much healthier. PPL generated $3.63 in free cash flow per share over the last 12 months, and a 69% cash flow payout ratio. That is fairly healthy, and actually lower than a lot of other pipelines out there, as pipelines in general have high payout ratios.

Northwest Healthcare

Northwest Healthcare Properties REIT (TSX:NWH.UN) is a Canadian real estate investment trust (REIT) with a 7.4% dividend yield. This is a fair bit higher than it was at the start of the year. Northwest Healthcare is a solid business/REIT, but it is being hit by two separate headwinds right now:

- Rising interest rates. REITs usually use an enormous amount of debt so their earnings tend to shrink when interest rates go up.
- Weakness in the housing market. Housing prices are going down, and some investors might think that's bad for REITs like NWH.UN.

Looking at NWH.UN's most recent earnings release, it appears that rising interest rates hurt it but the weak housing market didn't. In the release, Northwest Healthcare's management said that higher interest rates were reducing transaction volume and making deals more expensive. On the bright side, the REIT closed a $775 million U.S. deal, grew its revenue 24%, and increased the net value of its assets by 8%.

First National

First National (TSX:FN) is a Canadian mortgage lender. It's not a bank; it only issues mortgages, so it doesn't do most of the other things banks do (e.g., deposits, brokerage, investment banking, insurance, etc). In 2022, First National's focus on mortgage lending might be a positive. This year, banks are reporting high net interest income. As a result of higher interest rates, their lenders are paying out more income on loans. The big banks, however, have investment banking operations that are dragging overall results down. Fortunately, First National isn't exposed to this market. It pretty much just lends out money. The mortgage lender's revenue grew 14% in the most recent quarter. A solid showing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:FN (First National Financial Corporation)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)

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Date
2025/08/15
Date Created
2022/10/20
Author
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