



3 Canadian Stocks to Buy for Monthly Passive Income

Description

Investors looking for reliable passive income through stocks could consider companies with monthly payouts. A steady monthly cash inflow boosts your overall income, reduces the payback period on your investments, and helps you achieve your financial goals quickly. So, if you plan to invest in a few top-quality, monthly paying [Canadian dividend stocks](#), consider the following three.

A reliable REIT with over 7% yield

When it comes to passive income, [investing in REITs](#) (real estate investment trusts) can be a viable option. REITs are famous for their robust payouts and are some of the best investment options for generating monthly passive income. While investors have plenty of options to choose from, I am bullish on **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)).

This REIT is an attractive investment because of its stellar dividend yield of over 7.6%, healthcare-focused, defensive business, and top-quality tenant base. It is worth highlighting that NorthWest Healthcare's real estate assets are geographically diversified. Meanwhile, most of its tenants (approximately 80%) have support from the government.

Besides its high-quality tenant base, NorthWest benefits from long-term leases that add stability and visibility to its future cash flows. Moreover, the majority of its rents (about 82%) have protection against inflation. Also, it benefits from the high occupancy of its properties (it stood close to 97% at the end of the last reported quarter).

While its fundamentals remain strong and support organic growth, NorthWest Healthcare also eyes accretive acquisitions that accelerate its growth and support payouts. Meanwhile, its focus on expansion in the U.S., strong balance sheet, and solid development pipeline augur well for future growth.

An energy stock with a growing dividend

[Energy stocks](#) are also famous for their fat yields and robust dividend payment. While there are multiple energy stocks to bet on for passive income, **Keyera** ([TSX:KEY](#)) crops up as a solid investment for its monthly payouts. It has a stellar track record of growing its dividend and enhancing its shareholders' value.

This energy infrastructure company's dividend is tied to its DCF (distributable cash flow) growth. For instance, Keyera's DCF/share has increased at a CAGR (compound annual growth rate) of 8% since 2008. During the same period, Keyera grew its dividend at a CAGR of 7%.

Investors should note that Keyera's low-risk, fee-for-service energy infrastructure assets have high utilization and drive its DCF/share. The company is confident that its rich inventory of high-quality growth projects will drive its earnings and payouts. Further, Keyera stock offers a lucrative dividend yield of 6.7%, while its target payout ratio of 50-70% of DCF is sustainable.

A midstream energy company with highly contracted business

Pembina Pipeline ([TSX:PPL](#)) is the final stock on my list that offers reliable monthly payouts. The company benefits from its highly contracted business that generates solid fee-based cash. Investors should note that Pembina covers its payouts through fee-based cash flows that remain immune to economic situations. This indicates that Pembina's payouts are well protected.

Pembina has maintained and increased its dividend since 1998. Moreover, its dividend has had a CAGR of 5% in the past decade. Notably, about 88% of adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is derived from its contracted assets that add stability and drive growth.

Its adjusted EBITDA has had a CAGR of 11% in the last 10 years. Moreover, its adjusted cash from operating activities increased at a CAGR of 10%.

Pembina's highly contracted assets, resilient EBITDA, and solid fee-based cash flows position it well to enhance its shareholders' returns. Meanwhile, investors can earn a fat yield of about 6% by investing in Pembina stock at current price levels.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)

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