



## 3 TSX Stocks to Buy for Monthly Passive Income

### Description

Stocks are an attractive avenue to earn regular monthly passive income. Though the uncertain economic outlook poses challenges, the payouts of several high-quality TSX stocks remain immune to the market conditions, implying one can easily rely on them to boost their monthly passive income. So, for investors looking for quality monthly [dividend stocks](#), here are my top three recommendations.

### Keyera

Companies operating in the [energy sector](#) are famous for their dividend payouts, and **Keyera** ([TSX:KEY](#)) is one among them. It operates an integrated energy infrastructure business and has a solid history of enhancing shareholders' returns through higher dividend payments.

For example, Keyera has increased its dividend at a CAGR (compound annual growth rate) of 7% since 2008. Currently, it pays a monthly dividend of \$0.16 a share, translating into an attractive yield of 6.6%

Keyera's higher dividend payouts are driven by its growing DCF (distributable cash flow) per share. It's worth highlighting that Keyera's DCF/share grew at a CAGR of 8% since 2008, led by low-risk, fee-for-service energy infrastructure assets. Its assets have high utilization levels and generate ample cash to fund its dividend payouts and growth initiatives.

For the future, Keyera's management is confident about growing its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) at a CAGR of 6-7% (through 2025). Its growing adjusted EBITDA will drive DCF growth and dividend payments. Also, its strong balance sheet and low leverage will likely support its growth.

Keyera's solid monthly dividend payment history, high yield, EBITDA growth, and a sustainable payout ratio of 50-70% of DCF make it an attractive bet to generate consistent passive income.

## NorthWest Healthcare Properties REIT

While creating a passive-income portfolio, investors should consider adding a few high-quality [REITs](#) (real estate investment trusts). They aim to boost unitholders' returns through their high payout ratios. While investors have multiple investment options, I am bullish on **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) for its defensive portfolio and high-quality tenant base.

NorthWest Healthcare's diversified portfolio of healthcare-focused assets and government-supported tenants (approximately 80% of its tenants are with government funding) support its cash flows and payouts. Further, a high occupancy rate (about 97%), a long-weighted average lease term (about 14 years), and inflation-indexed rents (about 82% of rents have protection against inflation) add stability to its payouts.

Besides its solid fundamentals, NorthWest Healthcare's focus on the U.S. expansion, solid developmental pipeline, and accretive acquisitions will likely accelerate its growth and support future payouts. Its monthly payouts of \$0.067 a share reflect a stellar annual yield of 7.3%, making it an attractive investment for passive-income seekers.

## Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#)) is another reliable stock for passive-income investors seeking monthly payouts. It owns an energy infrastructure business supported by highly contracted assets. Thanks to its highly contracted assets, Pembina generates strong fee-based cash flows, which easily cover its payouts.

Pembina has maintained and grown its dividend since 1998. Further, Pembina's dividend grew at a CAGR of 5%. Also, its payout ratio of 75% of fee-based distributable cash flows is sustainable in the long term.

Looking ahead, its highly contracted assets, growing fee-based cash flows, and benefits from assets placed into service will enable Pembina to consistently enhance shareholders' returns. It pays a monthly dividend of \$0.217, translating into a dividend yield of 5.7%.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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