Want $300 in Monthly Dividend Income? These 3 TSX Stocks Could Get You There

Description

Do you want $300 in monthly dividend income? Believe it or not, you can find stocks that can make that happen. Most dividend stocks pay quarterly, but a few pay monthly. If you invest $100,000 at an average yield of 3.6%, all in monthly paying dividend stocks, you'll collect $300 a month. Assuming, that is, the dividend doesn't get cut. Sometimes companies do cut their dividends, but on the flip side, some companies increase their dividends. In this article, I will explore three Canadian dividend stocks that could pay you $300 a month – with *less* than $100,000 invested.

First National

First National (TSX:FN) is a Canadian mortgage lender. It partners with mortgage brokers to help people get loans that work for them. Often, when people go to buy homes, they aren't satisfied with the rate their bank offers them. They want to shop around. In such situations, they'll go to a mortgage broker, and a mortgage broker might help them find a loan from a company like FN.

This economy is having mixed effects on companies like First National. On the one hand, First National is collecting ever higher amounts of interest income on existing mortgages, because interest rates are going up. On the other hand, rising interest rates are also causing new mortgage issuance to decrease. It's a mixed bag, but on the whole, FN's revenue grew 10% in the most recent quarter. So, the company's approach is working for now. And, its stock has a 6.98% yield!

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a Canadian pipeline company with a 5.6% yield, paid monthly. If you invest $100,000 in it, you collect $466 per month, assuming the dividend doesn't change. Now, Pembina Pipeline's dividend could change – in a good way. The company's payout ratio (dividend divided by earnings) is very low for a pipeline company, just 20%! In the most recent quarter, PPL earned $3.24 per share, and paid out only $0.64 per share. So, the company isn't paying out so much in dividends that it has nothing left to invest in its business. Also, the business is growing. In the most recent quarter, PPL delivered:

- $2.7 billion in revenue, up 37%
- $3.24 in earnings per share, up 219%
- $574 million in cash from operations, down 26.9%

Apart from cash from operations, it was a pretty good showing. The company increased its revenue a lot, if it can keep that up then the cash flow situation might improve. Definitely don't invest *all* of your money into this company, but a small position in a diversified energy portfolio might make sense.

Keyera

Keyera Corp (TSX:KEY) is an energy stock with a 6.67% dividend yield. You don't need to invest a tonne of money at that yield to get significant cash flows going. At a 6.67% yield, you only need to invest about $54,000 to get $300 in monthly cash flow. That's not a whole lot to save, all things considered, yet it could go a long way.

Of course, you should never put all of your money in a single energy stock like Keyera. Stocks with exorbitantly high yields often have such yields because they are riskier than average. KEY nearly doubled its earnings in its most recent quarter, but it increased its debt by about $400 million. The large earnings growth is typical for oil companies this year, but unlike many of its competitors, KEY isn't paying its debt off. It looks riskier than other oil companies, but these are the kinds of risks you have to take if you want gigantic yield.

CATEGORY

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2. Investing

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2. TSX:FN (First National Financial Corporation)
3. TSX:KEY (Keyera Corp.)
4. TSX:PPL (Pembina Pipeline Corporation)

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