3 Monthly Dividend Stocks to Set and Forget

Description

Identifying one or more monthly dividend stocks to set and forget is one of the most sought-after objectives of any dividend investor. Fortunately, finding those stocks and generating a well-diversified monthly income stream is possible and easier than you may think.

Here are three stocks that can provide that reliable income and more for your portfolio.

The power of a dozen diversified businesses

The first monthly dividend stock to set and forget is **Exchange Income Corporation** (TSX:EIF). Exchange is an acquisition-focused company that owns over a dozen smaller subsidiary companies.

The subsidiary companies are very unique. They are representative of a small slice of the market where there is limited competition yet necessary demand. Notably, this is a unique niche factor that offers some defensive appeal. That's also one reason why Exchange is one of the few companies that is not trading down in 2022.

Some examples of those niche businesses include providing passenger and cargo airline services to Canada's remote north on the aviation side of the business. Turning to the manufacturing side, an example to note is cell phone tower installation services.

The other commonality that applies to those subsidiaries is that they generate cash for Exchange. This, in turn, helps to fund that juicy monthly dividend.

The current yield on that dividend is an appetizing 5.20%, meaning that a $40,000 investment will earn a monthly income of $173. If that's not enough, Exchange has also provided investors with generous upticks to that dividend over the years. In fact, over the past 18 years, the company has bumped its dividend 16 times.

In short, Exchange is a great long-term monthly dividend to set and forget.

Renewable Energy is getting bigger

Renewable Energy is growing in importance. Electricity generation is finally moving away from fossil fuels, albeit at a slow pace. This means that renewable energy providers will become more important parts of the market as fossil-fuel facilities are sunset.

That makes a renewable energy stock like **TransAlta Renewables** (TSX:RNW) an excellent long-term option to consider. TransAlta operates a portfolio of 50 renewable energy facilities that are located across Canada, the U.S., and Australia.

Collectively, those facilities make TransAlta one of the largest renewable energy providers in Canada, with a capacity of 3,214 MW. And importantly, TransAlta's portfolio is also well-diversified across different renewable energy types. The company's portfolio currently comprises solar, wind, hydro, and gas elements.

Like its fossil-fuel-burning peers, renewable energy generators are bound by long-term regulatory contracts. Those contracts provide TransAlta with a recurring and stable revenue stream that lasts a decade or more.

That recurring stream also means that TransAlta can pay out a monthly dividend. And that juicy dividend is one that investors will love. It currently works out to an insane 6.78% yield. Given a similar $40,000 investment, TransAlta will earn a monthly income of $226.

Part of the reason for that stellar yield is that TransAlta's stock has dipped over 25% year to date. This makes it a great time to buy an otherwise stellar long-term monthly dividend stock to set and forget.

Forget interest rates for a moment

The rapid interest rate hikes we've seen this year are tools to cool the white-hot real estate market. There's a good reason for that needed cooling. The average price of a home in Canada's major metro areas is worth well over a million dollars.

This has priced out countless homebuyers from the market while turning nearly every homeowner in Canada's metro areas into a millionaire on paper. Fortunately, for those prospective homebuyers looking for an income property, there is an alternative to mortgages, tenants, and taxes.

Fortunately, that alternative is **RioCan** (TSX:REI.UN). RioCan is one of the largest REITs in Canada. RioCan's portfolio largely comprises commercial retail sites. In recent years, that mix has shifted towards mixed-use residential sites.

Those new sites consist of residential towers that sit above several floors of retail. The sites are located in Canada's major metro areas, along transit corridors. In other words, RioCan's residential properties represent an ideal alternative for homebuyers that are otherwise priced out of the market.

That also makes RioCan a well-diversified option for would-be landlords. And like a landlord, RioCan investors will receive a monthly distribution thanks to its 4.81% yield.

This means that a $40,000 investment will earn $160 each and every month. Keep in mind that is without the mortgage, down payment, property taxes, or tenant woes that come with owning property.

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No investment is without risk. That includes the three dividend stocks to set and forget listed above. To counter that risk, investors should always seek to diversify their portfolios.

CATEGORY

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TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:RNW (TransAlta Renewables)

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dafxentiou