Want $100 in Monthly Dividend Income? Invest $6,154 in These 3 Stocks

Description

Monthly paying dividend stocks trading on the TSX offer investors the opportunity to create a small but recurring stream of passive income. While dividends are not guaranteed, a few fundamentally strong stocks have maintained these payouts across market cycles.

Further, the ongoing market volatility has increased the forward yields of several TSX stocks in the energy sector. Here, I have shortlisted three top monthly dividend stocks that Canadian investors can buy right now to generate $100 in dividend income each month.

Pembina Pipeline

Part of the cyclical energy sector, **Pembina Pipeline** (TSX:PPL) is a midstream infrastructure company with a diverse base of integrated assets. The energy stock currently offers investors a tasty forward yield of 5.8%. Pembina Pipeline initially began paying shareholders a dividend in 1997 and has since disbursed over $12 billion via these payouts.

While several energy stocks suspended or reduced dividends during the onset of COVID-19, Pembina Pipeline maintained these payments, showcasing the resiliency of its business. In the last 10 years, Pembina has increased dividends at an annual rate of 4.9%.

Equipped with a robust balance sheet, a prudent capital-allocation strategy, and an investment-grade credit rating, Pembina Pipeline is well poised to deliver consistent gains to shareholders.

Over the years, the company has developed an integrated transportation and midstream service in North America along the hydrocarbon value chain. Pembina Pipeline’s payout ratio is less than 55%, providing it with enough flexibility to reduce debt, expand its base of cash-generating assets, and increase dividends in the near term.

Keyera

Keyera (TSX:KEY) is another oil and gas company that pays TSX investors a monthly dividend. Keyera's integrated network of high barrier-to-entry assets enables it to derive cash flows across the midstream value chain and expand profit margins.

In the last five years, its return on invested capital has been 14%. Further, distributable cash flow and dividends per share have increased by 14% and 7%, respectively, since 2008. Keyera currently provides investors with a tasty dividend yield of 6.7%.

An essential service provider, Keyera has maintained a healthy balance sheet. Its net debt to adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) ratio is quite low at 2.9 times, and the company ended the third quarter with more than $1.2 billion in liquidity.

Freehold Royalties

The final stock on my list is **Freehold Royalties** (TSX:FRU), a royalty oil and gas company. It pays investors a monthly dividend of $0.09 per share, indicating a forward yield of almost 7%. Freehold Royalties has almost doubled its dividend payouts in the last five years.

The company has successfully created shareholder value by driving oil and gas development on its properties through lease-out programs. Freehold has acquired long-life, quality assets with acceptable risk profiles, allowing it to generate overriding royalties for revenue growth.

The Foolish takeaway

An investment of $6,154 in each of these three TSX stocks will help shareholders generate $100 in monthly dividends. But all three stocks discussed here are part of the energy sector, which might not be for investors looking for diversification.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Pembina Pipeline	$45.05	136	$0.2175	$29.58	Monthly
Keyera	$28.80	214	$0.16	$34.24	Monthly
Freehold Royalties	$15.45	398	$0.09	$35.82	Monthly

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:KEY (Keyera Corp.)
3. TSX:PPL (Pembina Pipeline Corporation)

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