3 TSX Stocks to Buy for Monthly Passive Income in 2023

Description

The stock market could remain volatile in 2023 amid fears of an economic slowdown. However, investors can make steady income through top Canadian dividend stocks. Although dividends are not guaranteed, companies with resilient businesses, growing earnings bases, and well-covered payouts can easily navigate the current challenges and continue to pay regular dividends.

While the TSX has several top companies with resilient payouts, I'll restrict myself to the ones offering monthly dividends. A monthly payout can boost your income to meet expenses. Moreover, it allows investors to reinvest the same in stocks to create significant wealth in the near term. With this backdrop, let's look at three top TSX stocks that offer monthly payouts.

Keyera

With a high yield of over 6.7%, **Keyera** (TSX:KEY) is an attractive investment for investors starting a monthly passive income stream. The large midstream oil and gas operator owns fee-for-service energy infrastructure assets. These high-quality assets generate ample cash to organically support its growth initiatives and cover dividend payments.

Keyera's dividend hikes are closely related to the growth in its distributable cash flow (DCF)/share. In the last 14 years, Keyera's DCF/share has increased at an average annualized growth rate of 8%. During the same period, Keyera's dividend had a CAGR (compound annual growth rate) of 7%.

The company is confident about growing its adjusted EBITDA (earnings ahead of interest, tax, depreciation, and amortization) at a CAGR of 6–7% through 2025. This growth in adjusted EBITDA will drive its DCF and dividend payments. Investors can expect Keyera to grow its dividend by a low- to mid-single-digit rate. Overall, Keyera's solid base of fee-for-service assets and sustainable target payouts ratio of 50–70% of DCF indicate investors can rely on this high-yield stock in 2023.

NorthWest Healthcare Properties REIT

REITs (real estate investment trusts) are famous for their high payout ratio. However, the rising interest rates pose a challenge. Nevertheless, investors can consider investing in **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) for its high yield and defensive real estate portfolio model.

NorthWest focuses on the healthcare sector, and its portfolio includes hospitals, medical office buildings, and clinics. Most of its tenants have government support, which adds stability and leads to high occupancy of its properties.

The REIT has a high occupancy rate of 97%. Further, its leases are long-term, with the majority of rents having protection against inflation. This allows it to grow organically and adds visibility over future payouts. NorthWest offers a stellar yield of 8.4% at current levels, making it a solid investment for monthly passive income.

Pembina Pipeline

Pembina Pipeline (TSX:PPL) is a reliable stock for income investors thanks to its solid dividend payment and growth history. Its energy infrastructure assets are highly diversified. Further, its assets are highly contracted, enabling it to generate robust fee-based cash flows to support its growth projects and cover monthly payouts.

The company has maintained and increased its dividends since 1998. In the past decade, PPL's dividend increased at a CAGR of about 5%. The momentum in its core business, focus on optimizing assets, benefits from growth projects, and high utilization will support its payouts. Pembina Pipeline currently offers a dividend yield of 5.8%.

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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