



2 Trouble-Free Ways to Earn \$100 a Week of Passive Income

Description

There are several ways to [earn passive income](#) — one of which is to invest in dividend stocks. But if you have a specific amount in mind, a pair of high-yield stocks can do the job and make your money work while you sleep.

Capital Power ([TSX:CPX](#)) and **Pattern Energy** ([TSX:PEGI](#))([NASDAQ:PEGI](#)) are two trouble-free ways to earn \$100 a week of passive income. An equal investment in both can also deliver high returns over the long term.

The goal

Capital and Pattern have identical 6% yield. Since your goal is to earn \$100 million a week of passive income, you need a total of \$40,000 capital to invest. With the 6% yield, your \$20,000 investment in each company will be \$2,400 annually, or \$200 monthly, or \$50 weekly. You sum up the weekly earnings, and you end up with \$100.

An electric utility company

Capital Power has earned the badge of stability in the electric utility industry. This 128-year-old company is one of the respected operators of power-generation facilities in Canada and the U.S.

Before shifting focus to green energy, Capital Power was generating electricity from coal-powered plants. The company is enjoying increasing, stable cash flows, because it is regulated. Capital Power is also a growth-oriented company.

The impressive results in its most recent quarterly earnings report are the fruits of the company's growth strategy. Net cash flows from operating activities in the quarter ending September 20, 2019, amounted to \$209 million. The corresponding adjusted funds from operations were \$225 million.

Aside from the record cash flow generation in the quarter, the company was able to achieve excellent

operating performance, as proven by the 96% facility availability.

In summary, Capital Power is an attractive investment option because the business model is straightforward. Its contracted portfolio and modern fleet of generating power facilities (natural gas, coal, and solid fuels, wind, and solar) will continue to produce stable and growing cash flows.

A renewable energy utility company

Pattern is a least-known renewable energy utility company in Canada but is now hugging the headlines lately. The Canada Pension Plan Investment Board (CPPIB) has agreed to acquire the Pattern Energy Group for \$2.6 billion.

If no other suitors come up with better offers within 35 days, the deal with CPPIB could be complete by the second quarter of 2020. **Brookfield Asset Management** is one of the likely suitors.

Pattern is performing well so far this year, with the stock gaining 48.4% year to date. It is considered a “yieldco,” and the so-called yieldcos are making a comeback in 2019. Yieldcos are an emerging asset class of publicly listed companies that are dedicated to returning cash flows generated from renewable energy assets to shareholders.

Most of the assets are solar and wind farms with long-term energy delivery contracts with customers. As a yieldco, Pattern is able to distribute a high percentage of its cash flows by utilizing tax incentives to minimize tax liabilities.

Weekly passive income

There are other [dividend stocks with high yields](#), although the safety dividends can be an issue. With Capital Power and Pattern Energy, you don’t see immediate threats that could warrant a dividend cut. If the yield sustains, you’ll be earning \$100 weekly in a trouble-free way.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. TSX:CPX (Capital Power Corporation)

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