TFSA Investors: Earn $176 Per Month With 3 Dividend Rock Stars

Description

Few things make for as easy an income as dividend stocks do – a highly passive, relatively reliable income stream that you might opt for reinvestment to automatically grow the size of your income-producing asset (for a later date). There are several reasons why you might consider dividend stocks, but one of the most compelling reasons is that they can help you create a passive income stream.

Even if you don't have a substantial amount to invest, a relatively modest sum in a few high-yield stocks can help you earn a small monthly income that can help you take care of a few small expenses.

A wholesale and distribution company

CanWel Building Materials Group (TSX:CWX) is a Vancouver-based company with a market capitalization of $623 million. The company specializes in construction material, lumbar, and renovation material distribution. It has a strong presence in both Canada and the U.S. West Coast, thanks to its warehouses in almost all the major cities. It also has a sizeable transportation network.

While the company had a rough first half of 2020, revenues really picked up in the last two quarters. But by then, the company had taken the unpopular decision of slashing its dividends. It wasn't an extensive downgrading, but it helped the company keep its payout ratio stable at 88.5%. The current yield is 6.1%. If you invest $10,000 in the company, you can enjoy a monthly payout of about $50.

An energy aristocrat

While energy was a relatively risky bet a few months ago, the sector is slowly recovering. For dividends, few energy stocks might be as lucrative as **Enbridge** (TSX:ENB)(NYSE:ENB). This 25-year old Dividend Aristocrat recently grew its dividends by about 3%, and the payout ratio fell from 310% to 218%. The revenue suffered a lot in the second quarter of 2020, but it has been slightly uphill from there.

Whether it was simply out of pride, or perhaps Enbridge didn't want to repeat **Suncor**'s mistake and turn its investors away by slashing its dividends. Still, Enbridge maintained its dividends during a very tough time for the sector. We can take it as the company's commitment to sustain its dividends.

It's currently offering a yield of 7.8%. At $10,000, the company will help you get a monthly income of about $65.

A REIT

Slate Grocery REIT (TSX:SGR.UN) is one of the REITs that are still underpriced and discounted. The share price is still about 12% down from its pre-pandemic valuation, and is trading at a price-to-earnings of 7.7 and price-to-book of 0.8. It's also offering a juicy yield of 7.4% at a relatively stable payout ratio of 98.37%.

At this yield, you can get a monthly income of about $61 with $10,000 invested in the company. Despite the fact that its portfolio is composed of a relatively pandemic and recession-proof real estate asset, i.e., grocery stores, the company suffered a slight dip in its earnings, but it's well on its way to a sustainable financial recovery.

Foolish takeaway

$30,000 invested in these three stocks can help you start a passive income of about $176. While it's not a certainty, the chances that one of the three might slash its dividends any time in the future is relatively low. The three companies are out of the woods and could enjoy a slow but sustainable financial recovery — which is likely to reflect in the stock valuation as well. So if you want to start a passive income, consider locking these high yields and low valuations now.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:DBM (Doman Building Materials Group Ltd.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SGR.U (Slate Retail REIT)

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Author
adamothman