Passive Income: Here's How to Make $100 Per Month With $17,392

Description

If you plan to build a portfolio that could help you make $100 every month, consider buying top-quality Canadian dividend stocks. While the list of dividend-paying stocks on the TSX Index is very long, I have shortlisted two companies that have been paying dividends for a long period and are offering stellar dividend yields.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) has a solid track record of delivering profitable growth that supports its dividend payouts. The company has consistently enhanced its shareholders' value through competitive dividend payments. Notably, Pembina Pipeline began paying dividends in 1997 and has paid about $9.8 billion in dividends since then. Furthermore, its dividend has grown at a CAGR of 5% over the past decade, while it offers a stellar yield of 6.6%.

Pembina Pipeline owns diversified and long-life assets that are supported through a cost-of-service/take-or-pay framework. Its highly contracted assets generate robust fee-based cash flows that support its higher dividend payouts. Further, its exposure to multiple commodities, improving volumes, increased prices, and a strong backlog of growth projects could drive its revenues and profitability in the long run.

Further, its $8.3 billion acquisition of **Inter Pipeline** is likely to bolster its growth and create one of Canada's biggest energy infrastructure companies. Moreover, Pembina expects to generate significant synergies through the business combination and expects it to be immediately accretive to the adjusted cash flow per share. Shares of Pembina Pipeline are also trading at a lower EV/EBITDA multiple compared to peers and offers good value.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is among the most reliable dividend stocks to generate steady passive income in the long term. The company has paid regular dividends for over 66 years. Moreover, it enhanced its shareholders' value by increasing its dividend at a CAGR of 10% in the last two-and-a-half decades.

I believe increasing economic activities and recovery in energy demand provide a solid foundation for growth in Enbridge stock. Its mainline throughput volumes could continue to improve sequentially in 2021, while its assets are expected to clock a higher utilization rate. Further, its diverse cash flows, rate escalations, customer growth, improving productivity, and opportunities in the renewable business are likely to drive its future cash flows and, in turn, its dividends.

Enbridge's $17 billion diverse capital program provides strong visibility over its cash flows in the next couple of years. The company is projecting a 5-7% annual growth in its distributable cash flow per share in the coming years, implying that Enbridge's dividend could increase at a mid to high-single-digit rate in the future. Enbridge expects to deliver an average annual total shareholders' return of 13% in the coming years and offers a solid yield of 7.2%.

Bottom line

These companies have a consistent track record of producing annual dividend increases and have delivered superior shareholder returns. On average, Enbridge and Pembina Pipeline offer dividend yields of over 6.9%, implying a $17,392 investment in these two stocks could generate $1,200/year, or $100/month. Moreover, it makes sense to invest in these stocks through your Tax-Free Savings Account to earn a tax-free passive income.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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