



Buy These 3 Stocks for \$175 in Monthly Passive Income

Description

There are two main variables in the dividend passive income equation: capital and yield, and they are both directly proportional to the passive income. Let's say you have a passive-income goal, that is \$175 a month. You can invest about \$52,500 in a conservative 4% yielding dividend stock. You can get the same monthly sum with just \$21,000 invested in stocks offering a 10% yield.

It might be prudent to aim for the middle, such as a 7% yield. It would allow you to combine the safety of capital and high yield in better proportions. You'd need to invest about \$30,000 to reach the target sum.

A Dividend Aristocrat

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is currently one of the [highest-yielding aristocrats](#) on the **TSX**. It's offering a yield of 7.1%, so if you invest \$30,000 in this 25-year-old Dividend Aristocrat, you can start a passive income of a bit over \$175 a month. Enbridge's main selling point (apart from a mouthwatering yield) is the safety of dividends it offers.

Enbridge has sustained its dividends through some of the worst income periods the sector has gone through, and it's highly unlikely to start slashing its dividends now that the sector is finally recovering.

While it's not a certainty, if you buy now, you might be able to benefit from Enbridge's capital appreciation potential that has been sparked to life by the sector's recovery. At a price-to-earnings of 14.9 and a price-to-book of 1.7 times, the stock is very attractively valued right now.

A financial company

Timbercreek Financial ([TSX:TF](#)) is a financial company that caters to a niche market, that is, commercial real estate investors. There are several CRE projects that don't fit well with conventional mortgage lenders, such as banks. This allows financial companies like Timbercreek to bridge the gap and benefit from a relatively untapped market segment. Most of the loans that are currently on the

company's books are for multi-residential properties (over 52%).

Other property segments include retail, unimproved land, office, and even retirement properties. The portfolio is geographically well-diversified to maximize the safety of investor capital. Timbercreek stock was quite stable before the market crash and is quite close to reaching its pre-crash valuation, so you shouldn't accept much capital appreciation. Its 7.3% yield, however, is a powerful reason to consider this stock.

At 7.3%, you can save a thousand dollars from your \$30,000 capital and still start a \$175/month dividend income.

A high-yield REIT

REITs are great at yield but not so great at maintaining their dividends. In 2020, several beloved REITs with high yields slashed their dividends, but **True North Commercial REIT** ([TSX:TNT.UN](#)) isn't one of them. [The REIT](#) hasn't slashed its dividends in the past six years. And even now, when the share price is just 8.3% away from its pre-pandemic yield, the stock is offering a mighty 7.9% yield.

This means that you can start a \$175/month dividend income with less than \$27,000 invested in this REIT. The payout ratio is 162.8%, but it's better compared to its 2020 payout ratio. It has a strong balance sheet and an impressive revenue growth streak. This dividend stock is backed by strong financials and offers a compelling yield and is definitely worth considering.

Foolish takeaway

You can either invest the whole \$30,000 sum you've set aside for the passive dividend income in one of the three stocks or split the capital three ways and invest \$10,000 in each of the three companies.

The latter method allows you to diversify your dividend income and might offer a safer capital appreciation potential than individual stocks might.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:TF (Timbercreek Financial Corporation)
4. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/06/30

Date Created

2021/06/09

Author

adamothonman

default watermark

default watermark