Dividend Stocks: How to Make $1,000 Each Month

Description

Dividend-paying stocks continue to remain attractive to investors looking to create an alternative income stream. Investing in the equity market compels investors to have a long-term outlook, as the stock market is extremely volatile in the near term. So, in order to create a steady stream of dividend income, you need to identify companies that have wide economic moats and robust cash flows and are relatively immune to economic cycles.

Here, we'll take a look at three such TSX stocks that you can add to your portfolio right now.

Enbridge

It's impossible to ignore **Enbridge** (TSX:ENB)(NYSE:ENB) when we talk about Canadian dividend stocks. ENB stock has a tasty dividend yield of 6.9% and has increased its payout at an average annual rate of 10% since 1995.

It is a well-diversified midstream energy company and has one of the largest pipeline networks in North America. Enbridge transports and stores natural gas, liquids, and oil. The company's liquids operations account for over 50% of total earnings while the rest is derived from natural gas and midstream operations.

Enbridge's contract-based business model and investment-grade balance sheet allow it to generate predictable cash flows, even when commodity prices are depressed. Its gas operations are part of a regulated industry while its pipelines are strategically located, which helps it generate cash flows in good times and bad.

TransAlta Renewables

If you expect the shift towards clean energy solutions to gain pace in the upcoming decade, investingin **TransAlta Renewables** (TSX:RNW) should be a priority. This stock has a forward yield of 4.4% and pays a monthly dividend of $0.078 per share.

TransAlta develops, owns, and operates renewable power-generation facilities. At the end of February 2021, it owned and operated 23 wind facilities, seven natural gas generation facilities, and 13 hydroelectric facilities. It also has a solar facility, a natural gas pipeline, and battery storage consisting of an ownership interest of 2,537 megawatts of generating capacity.

TransAlta has more than doubled cumulative returns in the last eight years while maintaining an attractive dividend yield. Analysts forecast the renewable energy market to grow at an annual rate of 8.3% through 2026, giving TransAlta enough room to improve revenue and cash flows. In the last four quarters, the company generated $256 million in free cash flows and paid $237 million in dividends to shareholders.

BCE

The final stock on my list is the Canadian blue-chip company **BCE** (TSX:BCE)(NYSE:BCE). This telecom giant offers investors a healthy dividend yield of 5.7%. Its total sales in 2020 stood at $22.8 billion, which was lower than its revenue of $23.8 billion in 2019. The COVID-19 pandemic impacted roaming sales as well as enterprise ad spending for BCE in the last year. However, the company forecasts sales to rise between 2% and 5% in 2021, and adjusted earnings are expected to rise by 6%.

BCE's free cash flow in the last 12 months stands at $3.8 billion, while it paid $3.1 billion in dividends. In the last five years, BCE's dividends have risen by 28%, making it a solid pick for dividend investors.

The final takeaway

If you aim to generate $1,000 a year in dividend payments each month, or $12,000 each year, you will have to invest $70,000 in each of these three stocks. But your portfolio should be well diversified, and you need to identify similar stocks with attractive yields and solid business models to generate regular dividend income.

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