



4 Stocks to Earn Monthly Passive Income of \$300 in 2022

Description

Is rising inflation eating up monthly income? Let's say you invested in **Nuvei** and **Lightspeed**, and one report from short-seller Spruce Point Management has put your highest-growth stocks in the red. Amid this volatility and inflation, you are looking for an alternative cash flow. Well, there is a way you can earn a tax-free monthly income of \$300 in 2022 without impacting your principal amount significantly.

Top four stocks to earn passive income

Here are four stocks that could generate passive income for the next 10 years while keeping your principal amount relatively stable:

- **BCE** ([TSX:BCE](#))([NYSE:BCE](#))
- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#))
- **SmartCentres REIT** ([TSX:SRU.UN](#))

I have arranged these stocks based on dividend growth and capital appreciation. All four stocks have never missed paying a [dividend](#) in the past 10 years or more. While Suncor [slashed](#) its dividend, it compensated shareholders by increasing it later.

Let's look at one stock at a time and set realistic expectations for each stock.

BCE stock

Among the four stocks, I am the most bullish on BCE, as the telecom giant maintained its annual dividend-growth rate at 5% in 2021 while others slowed their growth rate. Moreover, BCE's stock price has surged 61% in the last 10 years and is likely to grow further, as it starts tapping the opportunities the 5G rollout brings. BCE's dividends give you the stability of a utility stock, and its capital appreciation gives you a slight taste of what growth stocks offer.

The next two years could see a 5% or slower dividend-growth rate, as the company channels most of its free cash flow towards building 5G infrastructure. But I expect this rate to accelerate once its aggressive capital expenditures start bearing fruit.

Enbridge stock

Although Enbridge is an evergreen stock, the company slowed its annual dividend-growth rate from 9.8% in 2020 to 3% in 2021 and 2022. Many factors could have affected the dividend-growth rate. Firstly, the sharp decline in oil demand during the pandemic reduced its cash flow, as it earns toll money that's calculated based on volume. Secondly, environmental concerns are making it increasingly difficult to build and maintain pipelines. And lastly, Enbridge has several new projects due for launch in the next three years.

When these new projects come online, Enbridge might accelerate its dividend-growth rate. Despite a slowdown in dividend growth, I am bullish on Enbridge, as it has the highest dividend yield (7.2%) among the four.

Suncor stock

Suncor is a cyclical stock, and its price and cash flow depend on oil prices. The 2020 oil crisis forced Suncor to slash its dividends, as it wanted to keep liquidity amid rising losses. However, this downturn ended next year, and pent-up demand reversed the cycle, pushing oil prices to 2014 levels. Suncor doubled its dividend to make up for the cut. Given its cyclicity, Suncor stock fell 2% in the last 10 years.

However, the Omicron variant is creating uncertainty in oil demand, pulling Suncor stock [down](#) 11% and increasing its dividend yield to 5.55%. There is a risk of further downside in 2022 as oil companies increase supply. If Omicron leads to lockdowns like the first and second wave, Suncor stock could halve. Hence, it's a wait-and-watch scenario, but you can lock in some yield now and some later.

SmartCentres REIT stock

SmartCentres REIT has maintained a stable dividend in the 2020 pandemic and the 2009 financial crisis. The REIT recovered from the pandemic, showing its resilience to the economic crisis. It is my last choice, as the stock does not give good dividend growth, which makes it difficult to fight inflation.

How to earn \$300 per month in passive income in 2022

Coming to the main question, how do you earn \$300/month? You can invest \$60,000 in the ratio of 40%, 30%, 20%, and 10%, respectively, among the four stocks. They will give you an annual dividend of \$3,600, or \$300 a month, in 2022. Invest through the Tax-Free Savings Account, as investment income is exempt from taxes. I suggested this allocation for better capital appreciation, as the last two stocks don't give much stock price growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
7. TSX:SU (Suncor Energy Inc.)

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