Passive Income: How to Earn $315/Month

Description

High volatility, uncertainty related to the COVID-19 pandemic, and fear of rising inflation is making it difficult to invest in stocks. However, investors seeking steady passive income shouldn't care much, as several high-quality stocks continue to pay and increase their dividends irrespective of the wild market swings.

So, if you seek steady income, this article will focus on stocks that could generate $315 every month irrespective of the high volatility.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is the top stock for income investors, and there are good reasons for that. This energy infrastructure company generates resilient cash flows that cover its payouts and drive future dividend payments. For context, Enbridge's diversified income streams helped it pay dividends for over 67 years in a row. Moreover, Enbridge has increased dividends at a CAGR of 10% since 1995. Furthermore, it offers a yield of 6.8%.

Looking ahead, I am upbeat over its capabilities to generate solid cash that would drive future payouts. Its diversified cash flow streams, contractual arrangements, and ongoing strength in the core business will drive its distributable cash flow per share. Further, its strong secured capital projects, acquisitions, and opportunities in the renewable energy space will likely accelerate its growth.

Enbridge forecasts its DCF (distributable cash flow) per share to increase at a CAGR of 5-7% over the next three years, indicating that shareholders could expect the company to increase future dividends at a similar pace. The recovery in mainline volumes, low-risk cash flows, toll escalators, cost containment, and a strong secured capital program will drive its financials in the coming years.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is another top stock for passive-income investors. Thanks to its high-quality asset base and higher utilization rate, TC Energy generates stellar cash flows that support higher dividend payments.

TC Energy has consistently raised dividends since 2000. Moreover, its dividends have a CAGR of 7% since then. Looking ahead, TC Energy expects to increase its dividend further on the back of its high-quality regulated assets, recovery in energy demand, strong secured capital projects, and gradual transition towards green energy.

Furthermore, its additional sanctioned projects, revenue escalators, and contractual arrangements augur well for future cash flows. TC Energy forecasts a 3-5% annual growth in its dividend and yields about 5.6%.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is the last stock on this list. Its contractual arrangements and integrated assets generate stellar fee-based cash flows that drive its payouts. It has paid dividends for over two decades and increased it at a CAGR of about 5% over the last 10 years.

I am upbeat about Pembina's prospects and expect it to generate strong fee-based cash flows. Further, improving energy demand, contractual pricing, new growth projects, and backlogs are expected to support its financials.

Pembina stock is trading cheaper than peers on the valuation front and is offering a high dividend yield of 6.5%.

Bottom line

On average, these TSX stocks offer a dividend yield of 6.3%. Thus, an investment of $20,000 in each of these stocks would help you create a portfolio that would generate a steady passive income of $315 every month.

CATEGORY

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2. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
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