



Passive Income: Generate \$200 Each Month by Doing This

Description

Anyone can make use of passive income. It can be used to pay your grocery, mobile phone plan, the internet, **Netflix**, or even be used as fun money. Start investigating dividend stocks that are [Canadian Dividend Aristocrats](#). These companies tend to increase their dividends over time, which makes them prime candidates for passive income.

Be careful to pay reasonable valuations for stocks. Even though you're buying and holding for passive income, you still don't want to overpay. Otherwise, you might find your stock staying in the red for an extended time. I don't know about you, but for me, even when I'm investing for passive income, I still prefer my stocks to be in the green. Besides, if you aim to buy stocks at good valuations, you'll increase your income (by starting with a bigger yield) and boost your total returns.

After investigating the highest-yield stocks on the Canadian Dividend Aristocrat list, I find that **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is fairly valued, and **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) is cheap. So, let's take a closer look.

Buy Enbridge stock for passive income

Enbridge is a large and stable energy infrastructure company. The dividend stock has paid dividends for close to 70 years! And it has paid an increasing dividend for a quarter of a century.

Here are Chris Blumas's thoughts on ENB stock this month from *BNN*:

"We really like it and own it for income. Enbridge has a resilient business model and very strong cash flows. It's still a buy."

Chris Blumas, vice president and portfolio manager at GlobalInvest Capital Management

Immediately, passive-income investors can get an unbeatable yield of 6.5%. Moreover, you can expect its dividend to keep pace with the long-term inflation rate of about 3%. To get essentially \$200 a month from ENB stock, investors would need to invest about \$36,923. Notably, the stock pays out a quarterly

dividend. For a bigger margin of safety, see if you can pick up shares below \$49 per share.

You never want to build a passive-income portfolio on one stock to diversify risks your capital is exposed to. So, here's another idea.

Manulife stock is also good for growing passive income

I believe Manulife could be a hidden gem. It trades at only eight times earnings. It offers an above-average yield of 5%. Moreover, MFC stock has a track record of raising its dividend over the last eight years, including through the pandemic. Over the next few years, analysts anticipate earnings-per-share growth of 9% annual, which means it's likely the dividend stock will pay higher dividends! With earnings growth, price appreciation is sure to follow in the cheap stock.

When asked to compare Manulife and **Sun Life**, Ross Healy had the following comments:

"MFC is cheaper and has a better yield. Rising rates are good for insurance companies broadly and MFC in particular. The long-term chart shows it has traded higher under normal interest rate conditions. I have a mild preference for MFC."

Ross Healy, chairman of the Strategic Analysis Corporation

To get essentially \$200 a month from MFC stock, investors would need to invest about \$48,000. Like ENB stock, Manulife also pays a quarterly dividend.

Most people don't have \$37,000-\$48,000 lying around for passive-income investing. It's logical to save and invest regularly in small amounts instead. It's really easy to start investing for passive income with cheap [online brokerages](#). In fact, some even offer free stock trading! In any case, identify a diversified basket of quality [dividend stocks](#) for your passive-income portfolio and aim to buy them when they're attractive.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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