Want Passive Income? Bring In $1,000/Month No Matter What the Market Does

Description

If you're visiting the Motley Fool today, it's likely because you're looking at your investment portfolio and simply not liking what you see. I know I am. No one can predict when a recession or market correction will happen, but there certainly were a few red flags. And it's leading many to consider passive-income stocks over growth.

What happened?

Let's rewind to March 2020. That's when the pandemic hit markets hard, causing the major downturn we all saw. Market bottom came on March 23, and then shares started climbing once more. Tech stocks, e-commerce companies, and anything related to getting through the pandemic all climbed sky high.

We just weren't interested in passive income. We all stayed home with money to burn and wanted to make even more. So, we invested again and again, forgetting what we already know about keeping risk to a minimum.

Now, it's caught up with us. Inflation rates have soared, hitting 8.3% last month in the United States, as we learned this week. This led to climbing interest rates — not to mention how expensive it is to buy gas. And this is all while we're trying to start up our commute and get back to the office.

Meanwhile, needing cash on hand, many of us have started selling our stocks — some of us for a loss. And that hurts. But if you're ready to get out of some of those riskier stocks that may not rebound fast after a downturn, then passive-income stocks are a strong option.

In fact, you could bring in $1,000 every month if you have enough to invest today.

The right stocks

What you want are companies that will recover quickly after a market downturn and offer high dividends. For that, I would recommend **Bank of Montreal** (TSX:BMO)(NYSE:BMO), **Automotive Properties REIT** (TSX:APR.UN) and **Atrium Mortgage Investment** (TSX:AI).

Each of these passive-income companies offer high dividends and are in strong industries that will survive the other side of a recession should it come to that. And let's be clear: analysts believe it will, though it should be mild.

For BMO, the Big Six banks have credit loan losses to rely on should a market crash come. Meanwhile, it's trading at 10.02 times earnings with a dividend yield of 4.04% as of writing.

For Automotive REIT, the company owns and acquires automotive dealerships across the country. Over the next decade, the introduction of electric vehicles will provide a lot of opportunities for this company. Yet today, you can pick it up trading at 6.05 times earnings with a dividend of 6.08% in passive income.

Finally, Atrium Mortgage provides mortgage financing as a lender to every type of real estate investment. That includes commercial and residential, but also infill construction and land assembly. In fact, it just announced record earnings for 2021, with an increase of 3.2% in its portfolio in the first quarter of 2022. And again, you can pick it up trading at 12.38 times earnings, with a 7.36% dividend yield.

Making $1,000

To make $1,000 per month in passive income, you would need to calculate $12,000 per year. So, that's $4,000 coming from each stock. To do that, you would need to purchase 752 shares of BMO for $96,992, 5,000 shares of Automotive REIT for $66,000, and 4,444 shares of Atrium for $53,328.

That's a big investment. And the market could still turn downwards. But these companies are also likely to rebound quickly. So, that means picking them up at a discount and looking forward to $12,000 per year in passive income while Motley Fool investors wait.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AI (Atrium Mortgage Investment Corporation)
3. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
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