How to Make $411/Month in Passive Income With These 2 TSX Stocks

Description

The current volatility in the equity market makes investing tough. Regardless of the volatility in the market, investors can generate consistent passive income from stocks. It's worth noting that several TSX-listed companies have been paying dividends irrespective of the economic cycles and wild market swings, making them a solid investment to generate reliable passive income.

Let's look at a couple of TSX stocks that could generate reliable passive income.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has consistently enhanced its shareholders' value through higher dividend payments for more than two-and-a-half decades. To be precise, this energy infrastructure company has increased its dividend for 27 years in a row. Meanwhile, it has been paying a regular dividend for nearly 67 years, making it one of the most reliable stocks for investors to generate steady income amid all market conditions.

Its diverse revenue streams, contractual arrangements, high asset utilization rate, and utility-like cash flows bode well for future dividend growth. Notably, about 80% of Enbridge's EBITDA is inflation-protected, which adds stability and supports dividend payments.

Higher demand and increased prices for commodities will likely support Enbridge's growth. Meanwhile, the recovery in the mainline volumes, solid secured capital program, revenue inflators, strength in renewables business, strategic acquisition, and productivity savings are likely to support its distributable cash flow (DCF) per share and dividend payments.

It expects 5-7% annual growth in its DCF per share through 2024, implying Enbridge could increase its dividend by the mid-single-digit rate in the coming years. Enbridge is yielding about 6%, and its payout target of 60-70% of its DCF is sustainable in the long term.

NorthWest Healthcare Properties REIT

REITs are one of the most reliable options for generating regular passive income. Within REITs, investors can rely on **NorthWest Healthcare** (TSX:NWH.UN) for its defensive portfolio of healthcare-focused real estate assets. Further, most of NorthWest's tenants have government support, which adds stability to its cash flows.

My bullish outlook on NorthWest is centered on its diversified operations in high-growth regions. Moreover, its long-weighted average lease expiry term of about 15 years and high occupancy rate of nearly 97% augur well for future cash flows.

It's worth mentioning that most of its rents are hedged against inflation, which is positive. Meanwhile, its focus on expansion into high-growth markets like the U.S., accretive acquisitions, increasing penetration of inflation-indexed leases, and focus on deleveraging its balance sheet will likely support its growth. NorthWest offers a reliable and high yield of 6.1%.

Bottom line

The payouts of both Enbridge and NorthWest Healthcare are well-protected through their resilient cash flow streams. Despite challenges from the pandemic, these companies have been consistently paying dividends, which highlights the strength of their cash flows. Moreover, on average, these companies offer dividend yields of over 6%. Thus, an investment of $81,500 (the cumulative investment limit for TFSA) in these stocks could generate dividend income of $4,931 annually, or $411 per month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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snahata