



Create a \$500/Month Income Stream With These 3 Cheap Stocks

Description

There are good reasons why investors looking for ways to earn an extra monthly income could consider investing in equity. Stocks are the cheapest way to start an income stream. Moreover, several stocks have been paying and growing dividends for years, implying they can be easily relied upon.

So, for investors planning to create a \$500 monthly income stream, here are three cheap stocks offering dividend yields of at least a 5%.

NorthWest Healthcare Properties REIT

As [REITs](#) (real estate investment trusts) are popular for their solid payouts (90% or more), investors could consider adding a few to their portfolios for a reliable income stream. I'm bullish about **NorthWest Healthcare** ([TSX:NWH.UN](#)). There are multiple reasons for my favourable outlook on NorthWest Healthcare.

The first is its defensive portfolio of healthcare-related real estate assets backed by government-supported tenants (more than 80% of tenants are government funded). Meanwhile, its growing penetration of inflation-inflation indexed rents is another positive (about 80% of its rents are indexed for inflation).

Due to its defensive and growing asset base, NorthWest consistently enhances its shareholders' value irrespective of the market conditions. Moreover, its long lease expiry term (approximately 15 years) and high occupancy rate (about 97%) add visibility over future payouts.

With solid performance metrics and a high yield of 6.2%, NorthWest is an attractive investment to create a reliable monthly income stream.

Algonquin Power & Utilities

As utility companies operate low-risk and regulated businesses, their payouts are safe and highly

reliable. Thus, investors could explore options in the utility space. Within the utility sector, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) stock is a solid investment.

It operates a conservative power-producing business and benefits from rate-regulated assets and long-term, contractual arrangements. It's worth mentioning that Algonquin's adjusted net income has increased at a compound annual growth rate (CAGR) of 11.1% since 2017, which led it to enhance its shareholders' returns through higher dividend payments. It has increased its dividend for 12 consecutive years and is yielding 5.5% at current levels.

Looking ahead, Algonquin Power expects to deliver high-single-digit earnings growth led by a mid-teens increase in its rate base. Besides the strength in its base business, the expansion of its renewables capacity and opportunistic acquisitions will likely support growth and payouts.

Enbridge

The last stock on this list is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). This Dividend Aristocrat — a stock that has increased its dividend consistently for at least five years — has paid a dividend for 67 years and increased it for 27 years at a CAGR of 10%. Its robust payout history, ability to deliver solid cash flows amid challenging market conditions, and high yield of 6.2% make it a must-have stock for income investors.

Its 40 diverse cash streams, inflation-protected earnings, contractual arrangements, and more than \$20 billion capital program position it well to deliver stellar distributable cash flows and enhance its shareholders' value through higher dividend payments and share repurchases.

Further, its growing renewable power-generation capabilities, strategic acquisitions, and low payout ratio of 60-70% bode well for future payouts.

Bottom line

On average, these three TSX stocks offer a reliable and high yield of 6%. Thus, a \$100,000 investment in these stocks at current levels could fetch you dividend income of \$6,000 a year, or \$500 per month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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