



3 Cheap Stocks to Earn a Passive Income of at Least \$400/Month

Description

The ongoing macro headwinds and uncertainty could prevent you from investing. However, sitting on idle cash will only erode your money's value, especially as prices of commodities continue to rise. Thus, putting money in stocks that fetch you a steady income, irrespective of the volatility in the market, would be a smarter move amid the current scenario.

Against this background, let's look at cheap TSX stocks that can help you earn a passive income of at least \$400/month, regardless of where the stock market goes. Let's begin.

NorthWest Healthcare Properties REIT

I'll start with a [REIT](#) (real estate investment trust). As REITs are famous for their high payout ratios and solid dividend yields, I am bullish about **NorthWest Healthcare** ([TSX:NWH.UN](#)). Its defensive portfolio of healthcare-based properties positions it well to deliver strong funds from operations amid all market conditions. Further, as its tenants (approximately 80%) are backed by government funding, collections remain solid and stable.

What stands out is that NorthWest's majority of rents (nearly 82%) are protected against inflation. Moreover, its occupancy rate remains high. Further, a long weighted average lease expiry term of over 14 years adds stability.

NorthWest's assets are geographically diversified. Moreover, its solid developmental pipeline and strategic acquisitions bode well for growth. Passive-income investors can earn a high dividend yield of 6.2% by investing in NorthWest stock at current levels.

Algonquin Power & Utilities

With its rate-regulated assets and solid track record of dividend payments, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is an attractive stock for a passive-income portfolio. It has paid and raised its dividend for 12 years. Moreover, its growing rate base and solid earnings growth projection

indicate that Algonquin Power will continue to boost shareholders' returns through higher dividend payments.

It expects its rate base to increase at a double-digit rate (approximately 15%) annually over the next five years. This would expand its earnings base and support future payouts. Notably, Algonquin Power expects its adjusted earnings to grow by 7-9% per annum during the same period.

Algonquin Power offers a dividend yield of about 5%. Moreover, its payout ratio of 80-90% is sustainable, given its growing earnings base.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is among the safest and most reliable [dividend stocks](#). Besides paying a dividend for 67 years, Enbridge increased the dividend for 27 years. Further, it offers a high dividend yield of 6.1% at current levels.

It's worth mentioning that Enbridge owns about 40 diverse cash streams that support its payouts. Further, strong energy demand, higher price realizations, and an increase in its asset utilization rate indicate that Enbridge could continue to deliver solid distributable cash flows (DCF) and pay a higher dividend in the coming years.

Enbridge's solid conventional and renewable assets, inflation-protected earnings, benefits from new assets placed into service, and multi-billion-dollar secured capital projects could continue to support its DCF and dividend payments.

Bottom line

These TSX stocks offer an average dividend yield of over 5.8%. Thus, an investment of \$30K in each of these stocks would help you earn a tax-free passive income of at least \$400 every month for life.

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)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin

4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. snahata

Category

1. Dividend Stocks
2. Investing

Date

2025/08/24

Date Created

2022/08/29

Author

snahata

default watermark

default watermark