



2 Cheap Canadian Stocks to Earn \$429/Month in Passive Income for Life

Description

Amid an uncertain economic environment, it's prudent to have cash. However, sitting on extra cash (total savings less money needed for emergency expenses) won't do any good to you. So, if you have got extra money, consider investing it in top-quality dividend-paying companies. The reason is simple. A high-quality dividend stock could continue to fetch you solid passive income, irrespective of where the market goes.

With that backdrop, here are my two top stocks that are trading cheap, have solid dividend payment history, and can help you earn a worry-free passive income of at least \$429/month.

Algonquin Power & Utilities

With a dividend-growth history of 12 years and a rate-regulated business that generates predictable cash flows, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a relatively [safe stock](#) to buy for worry-free passive income.

Algonquin Power's high-quality assets and growing rate base continue to support its earnings. Notably, its earnings increased at a CAGR (compound annual growth rate) of 11.1% in the last five years. Meanwhile, Algonquin Power's dividend grew at a CAGR of 10% during the same period.

Looking ahead, Algonquin Power expects to increase its dividend on the back of its growing net income. Management is confident that its multi-billion-dollar capital program and power-purchase agreements to support its earnings. Algonquin Power forecasts its earnings to increase at a CAGR of 7-9% over the next five years, implying its future dividend could grow at a similar pace.

Investors can earn a reliable dividend yield of 5.1% by investing in Algonquin Power stock at current levels.

Enbridge

Share of the energy infrastructure company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a must-have in a passive-income portfolio. Enbridge's robust dividend payments and growth history, ability to navigate the challenging operating environment, and high yield make it a top Canadian [dividend stock](#).

To give a background, Enbridge has paid a dividend for 67 years. Meanwhile, it has increased the dividend at a CAGR of 10% in the last 27 years. Also, Enbridge paid and raised dividend during the pandemic, which reflects the strength of its business model and the resilience of its cash flows.

Enbridge has more than 40 diversified sources of cash flows that lower risks and support its payouts. Further, its cash flows are highly predictable, backed by contractual arrangements. Also, most of its earnings have inflation protection, which supports its financials.

While its base business remains strong, continued energy demand, an increase in its asset utilization rate, and its solid secured capital program will likely drive its distributable cash flows (DCF) and dividend payments.

Further, Enbridge's solid mix of conventional and renewable assets and benefits from new assets placed into service bode well for dividend growth. Passive-income investors can earn a stellar dividend yield of 6.3% by investing in Enbridge stock.

Bottom line

By investing in Algonquin Power and Enbridge stock, investors, on average, can earn a reliable dividend yield of 5.7%. Thus, an investment of \$45,000 in each of these two stocks will help you make a passive income of at least \$429 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.)

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