How I’d Invest $1,000 in October to Generate Passive Income for Life

Description

As I always say, stock investing is one of the easiest ways to generate passive income in Canada without much effort. A misconception that largely prevents beginners from investing in stocks is that one must have huge capital to start with. This is far from the truth, as you don’t need huge savings to start earning reliable passive income by investing in Canadian stocks.

In fact, you can start your investment journey by investing as little as $1,000 of your savings in dividend stocks. Let me explain why now is a good time to start investing in stocks to generate passive income.

Generate passive income by investing in Canadian stocks

In 2022, the stock market has seen a massive selloff due mainly to growing macroeconomic concerns, including high inflation, rapidly rising interest rates, supply chain disruptions, and escalating geopolitical tensions. As a result, the **TSX Composite Index** has shed more than 13% of its value this year so far. This market selloff has made dividend stocks across sectors look cheap. With falling share prices, their dividend yields have started looking even more attractive.

While fears of a moderate recession have caused stock volatility in the near term, a temporary economic slowdown may not significantly impact the financial growth prospects of fundamentally strong companies in the long run. Given that, I consider the recent Canadian market selloff as an opportunity to buy quality dividend stocks at a big bargain, allowing you to earn healthy passive income for life.

A top passive income stock in Canada to buy now with $1,000

Whether you’re starting your investment journey with $1,000 or $100,000, you should always focus on buying fundamentally strong stocks when they look undervalued. Considering that, **Sienna Senior Living** (TSX:SIA) could be a solid investment option — especially if you’re looking to generate reliable passive income for life.

Sienna is a Markham-based care services provider for seniors, including long-term care, independent living, independent supportive living, and assisted living. It currently has a market cap of $859 million and its stock trades at $11.78 per share with nearly 22% year-to-date losses.

During the pandemic, Sienna faced several operational challenges due to social distancing mandates and restrictions on physical activity. With these challenges and the rising costs of pandemic-related measures, the company reported an adjusted net loss of $0.37 per share in 2020 as its revenue fell by 1% YoY (year-over-year). Nonetheless, easing restrictions helped the company post a solid financial recovery the next year. As a result, Sienna's adjusted earnings in 2021 stood at $0.31 per share and the company reported a strong 34% YoY increase in its total revenue.

According to 2021 census data, the 85 plus age group population in Canada is expected to triple in the next 25 years. Given that, you can expect demand for Sienna living options to continue surging in the long run which will accelerate its financial growth and send its stock soaring.

Apart from its strong fundamental outlook, this Canadian dividend stock has an attractive annual dividend yield of around 7.9%. So, if you invest $1,000 in this stock right now, you can expect to receive $79.46 in passive income each year. And obviously, the more you invest, the more annual income that will come flowing in.

CATEGORY

1. Dividend Stocks
2. Investing

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jparashar