Get Passive Income of $120 per Month With This TSX Stock

Description

Investors can earn two ways when investing in the stock market. The first is through price appreciation, where the "buy low, sell high" strategy applies. Your windfall could be substantial if you buy stocks at a low point and sell when the stock price reaches its heights.

The second way is through dividend stocks where the return on investment is without any capital gains. Investors receive cash flows for every dollar invested in a dividend-paying stock. Assuming the share price also appreciates, you can hit two birds with one stone. Dividend payouts are usually every quarter, although some companies pay dividends every month.

Monthly dividend stock

If owning energy stocks aligns with your risk appetite, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) is a logical choice. The $23.29 billion energy transportation and midstream provider pays a hefty 6.22% dividend, and the stock currently trades at $41.96 per share (+13.98% year-to-date).

Given the share price and dividend yield, the annual dividend per one share is $2.61. Since Pembina's dividend payout is monthly, 552 shares (a $23,161.92 investment) will generate $120.06 every month. Your profit from dividends in one year is $1,440.67.

When investing in Pembina, you can take comfort in its dividend aristocrat status. The large-cap stock has increased its dividends for ten consecutive years. Moreover, the company has been operating in North America's oil & gas midstream industry for 65 years, so you know it's not going anywhere soon.

Pembina's pipeline network transports hydrocarbon liquids and natural gas products produced in Western Canada. Apart from gas gathering and processing facilities and an oil & natural gas liquids (NGL) infrastructure, it also owns a logistics business. The company offers a full slate of midstream and marketing services to customers. Elevated crude prices in 2022 brought more upside to industry players, including Pembina.

Record adjusted EBITDA

In Q2 2022, Pembina's adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of $849 million was a new record for a second quarter. The NGL marketing business benefited significantly from continued volume growth and higher NGL margins.

In the same quarter, net earnings increased 65% to $164 million versus Q2 2021, while adjusted cash flow from operating activities climbed 27% year-over-year to $683 million. Because of its multi-billion-dollar portfolio of potential growth projects, Pembina has several growth platforms that should further drive shareholder value.

Importance of dividend income

Dividend income is essential to investors, especially during the sunset years. Most retirees own dividend stocks to enjoy passive income streams. It becomes part of their regular retirement income on top of pensions like the Canada Pension Plan (CPP) and Old Age Security (OAS).

During periods of high inflation like today, it's especially helpful to receive monthly passive income to cushion against the rising costs of goods and services. Many publicly listed companies on the **TSX** share a portion of their earnings with shareholders through dividend payments.

The key to successful dividend investing is to hold shares of well-established companies with lengthy dividend track records or impressive dividend growth streaks. Pembina Pipeline is a solid choice for its business model, irreplaceable critical infrastructure, attractive dividend yield, and growing monthly payouts.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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. agraff
2. cliew

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/07/21
Date Created
2022/10/04
Author
cliew