



Want \$250 in Monthly Passive Income? Buy 3,194 Shares of This TSX Stock

Description

If you're looking for ways to earn reliable monthly passive income in Canada, you should consider investing in some quality [dividend stocks](#). By doing so, you can expect to receive healthy passive income each month from its dividends and get healthy returns on your investments when the share prices of the stock you buy increase. As the recent market pullback has made many [fundamentally](#) strong dividend stocks look [undervalued](#) to buy for the long term, it could be the right time for you to buy such stocks at a big bargain.

In this article, I'll talk about one of the best TSX dividend stocks you can buy now to generate stable monthly passive income.

Top TSX monthly passive income stock to buy now

You might already be aware that environmental awareness has increased sharply across the globe in the last few years. This is one of the key reasons why many countries are committing to reducing their greenhouse gas emissions and finding clean energy alternatives to meet their power needs. As a result, you can expect massive growth in the demand for the renewable energy sector in the next decade or two.

Considering this expected growth, I find **TransAlta Renewables** ([TSX:RNW](#)) one of the best Canadian monthly dividend stocks to invest in now. If you don't know it already, it's a power-generation firm headquartered in Calgary with a focus on [renewables](#) with a [market cap](#) of \$3.5 billion.

Since the end of 2020, this monthly dividend stock has plunged by 39% to currently trade at \$13.28 per share. TransAlta distributes its dividend payouts each month and offers a very attractive dividend yield of around 7.1% at this market price.

Solid fundamental growth outlook

As the demand for renewable energy continues to grow, TransAlta Renewables is trying to expand its

renewable energy infrastructure across major economies like the United States, Canada, and Australia. At the moment, it already has a diversified portfolio of 74 power-generating facilities in these three countries. In 2022 so far, the company has added nearly 325 megawatts to its renewables development pipeline.

In the five years between 2016 and 2021, TransAlta's total revenue jumped by 81%, even after including the negative impact of COVID-driven restrictions on its operations in the last couple of years. Apart from its growing top line, the company has increased its focus on reducing its debt in recent years, giving a boost to its free cash flow.

As TransAlta Renewables continues to expand its [growth pipeline](#), its capital expenditure is likely to increase in the coming years. Nonetheless, these investments should pay off well in the long run, as the demand remains strong. I expect these positive factors to help RNW stock rally in the long term, making it one of the most reliable monthly dividend stocks in Canada to buy now.

Bottom line

If you want to earn \$250 every month in passive income from its dividends, you need to buy about 3,194 shares of TransAlta Renewables. At the current market price, you can buy these shares with an investment of around \$42,193. That said, it's always highly recommended that you diversify your stock portfolio by including more such stocks to it instead of investing such a big amount of money in a single stock.

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1. Dividend Stocks
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Author

jparashar

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