



How to Make \$500 in Passive Income Each and Every Month

Description

It's been proven time and again that investing in a strong company for longer is the best way to create returns. Sure, you *could* be that one person who finds the right growth stock at the right time. But it's unlikely, and investing for decades will *still* create more returns. Especially when you have passive income to consider.

And that's why today I'm focusing on a top passive income stock that dishes out [dividends](#) each and every month. What's more, investors can pick up one of the best Canadian stocks to buy with the knowledge it will continue to grow for years to come. So let's look at why.

Northland Power

The passive income stock I'm going to focus on today is **Northland Power** ([TSX:NPI](#)). There are a few reasons for this. First off, of course, is that Northland stock is a monthly dividend stock. Right now, you can pick up a dividend yield at 3.24%. Sure, it's not the highest dividend out there, but remember: we're looking for quality over quantity.

This quality passive income stock is now one of the best Canadian stocks to buy because it offers long-term returns. Northland stock has been around for decades, paying out a monthly dividend since it came on the market! No cuts, no skipping a month here or there, just consistent payments.

That's pretty huge, as Northland stock has been on the market since 1997. That's over 25 years of passive income investors can look back on! So now that we know this is one of the best Canadian stocks to buy for passive income, let's look at why it's also a safe investment for life.

The right sector

One of the best sectors investors can get in on right now is the [clean and green power](#) sector. And that's exactly where Northland stock lies. As mentioned, it's been around since 1997 producing these assets around the world, from Asia to North America and many countries in between.

Northland stock also has a diverse range of clean energy assets, including onshore wind, solar, natural gas and offshore wind farms. It's the latter that has many investors excited, as this could be a major opportunity to get power off arable land, and into the oceans where wind speeds are higher.

And the best part? Northland stock continues to see solid revenue performance because we *need* power. So it has a long list of long-term contracts that aren't going anywhere. Indeed, they're more likely to expand in the years to come as the world continues to shift to clean energy production.

Value for that \$500

Northland stock enjoys strong fundamentals that show why it is valuable and now one of the best Canadian stocks to buy. NPI currently trades at just 13.3 times earnings, putting it well within value territory. Shares are down 18% since August highs in 2022 as well, despite continuously beating earnings estimates.

Yet, if you look at company performance in the last two decades, shares are up 1,135% in that time for a compound annual growth rate (CAGR) of 13.4%. This could certainly happen again given the trajectory for clean energy. As for its dividend growth, it's remained stable with a CAGR of about 1% over the last decade.

If you're going to make that \$500 each and every month, that means looking for a total income amount of \$6,000. To create that, let's see what you'd have to invest.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY	TOTAL INVESTMENT
NPI	\$36.85	5,000	\$1.20	\$6,000	monthly	\$184,250

As you can see, a small investment is not going to generate \$500 each and every month. But if you were to then watch that initial investment return to 52-week highs, these are what your returns could turn into.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY	TOTAL INVESTMENT
NPI	\$47.13	5,000	\$1.20	\$6,000	monthly	\$235,650

Suddenly, you have \$235,650 in your portfolio! That's returns of \$51,400, plus the passive income, turning into total returns of \$57,400!

CATEGORY

1. Energy Stocks

2. Investing

TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

PARTNER-FEEDS

1. Business Insider
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3. Koyfin
4. Msn
5. Newscred
6. Quote Media
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