



## How to Generate \$10 Every Day (That's \$3,650 a Year!) in Passive Income

### Description

Dividend stocks provide investors the opportunity to earn passive income, even with a small amount of capital. In addition to regular payouts, quality [dividend stocks](#) will also generate capital gains over the long term, making them top bets, especially when markets are volatile.

Given that [TSX stocks](#) across sectors are trading at a lower multiple in the past year, let's see how you can benefit from a generous yield and earn \$3,650 in annual dividends in 2023.

### An energy heavyweight

Rising commodity prices have meant the energy sector outpaced the broader markets in 2022. Despite market-beating gains, **TC Energy** ([TSX:TRP](#)) still offers investors a forward dividend yield of 6.3%. A well-integrated pipeline company, TC Energy transports oil and gas across North America.

TC Energy is highly profitable and reported net margins of 22% in the last 12 months. Additionally, it will also deploy \$34 billion in capital expenditures to expand its portfolio of cash-generating assets in the future. These investments should drive cash flows and dividend payouts higher for the energy heavyweight. In the near term, TC Energy expects to increase dividends between 3% and 5%.

Priced at 13 times forward earnings, TRP stock is reasonably valued and remains a solid buy. Analysts remain bullish on TC Energy stock and expect shares to surge over 10% in the next year. After accounting for dividends, total returns will be closer to 17%.

### Pembina Pipeline

A TSX stock that pays shareholders a monthly dividend, **Pembina Pipeline** ([TSX:PPL](#)) has returned over 20% in each of the last two years. PPL stock currently offers investors a dividend of 5.4%, which is quite tasty.

Similar to TC Energy, Pembina Pipeline operates in the midstream space. In the last three quarters, its

revenue surged by 45% year over year on the back of robust demand for midstream services. Its adjusted earnings also surged by 148% in this period.

Pembina Pipeline expects adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) between \$3.5 billion and \$3.8 billion in 2023, which is similar to its EBITDA forecast for 2022.

Investors are worried about a global recession impacting oil prices in 2023. But the reopening of China and geopolitical tensions will act as tailwinds for energy prices this year.

## TransAlta Renewables

The final stock on my list is **TransAlta Renewables** ([TSX:RNW](#)), a Canada-based company that offers shareholders a dividend yield of 7.7%. Given the accelerated shift towards clean energy solutions globally, TransAlta Renewables is well positioned to deliver consistent returns to investors in the next two decades.

With a portfolio of 40 renewable energy facilities located in the Americas and Australia, TransAlta Renewables has exposure to solar, hydro, and wind energy. These facilities provide the company with a defensive moat as its contracts are long-term and regulated, ensuring predictable cash flows across business cycles.

RNW stock is priced at a discount of almost 20% to consensus price target estimates. After accounting for its dividend yield, total returns will be closer to 25%.

## The Foolish takeaway

In order to earn \$10 in dividends every day, or \$3,650 each year, you need to invest \$18,718 equally in these three stocks. You can also identify similar blue-chip stocks trading on the TSX and diversify your portfolio further.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
TC Energy	\$57.55	325	\$0.90	\$292.5	Quarterly
Pembina Pipeline	\$47.77	392	\$0.2175	\$85.26	Monthly
TransAlta Renewables	\$12.10	1,547	\$0.078	\$120.66	Monthly

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:PPL (Pembina Pipeline Corporation)

2. TSX:RNW (TransAlta Renewables)
3. TSX:TRP (TC Energy Corporation)

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