Want $1,776 in Passive Income? Invest $27K in This Canadian Stock

Description

The **S&P/TSX Composite Index** recovered a bit year to date. However, the uncertain economic environment could keep the stock market volatile in 2023. On the positive side, investors could still earn steady passive income through fundamentally strong TSX stocks. Further, a few Canadian stocks offer yields that can help beat inflation.

In this article, I'll focus on a top Canadian dividend stock that could help you generate reliable passive income, irrespective of the volatility in the market. Let's begin.

One best dividend stock that pays cash, regardless of economic cycles

While the TSX has several top-quality dividend stocks, investors should note that dividend payouts are not guaranteed. Thus, investors should take caution before investing their money. One must carefully analyze a company's fundamentals and future earnings-growth potential. Moreover, investors should look for stocks that have maintained and grown their dividends for decades and have a sustainable payout ratio. This will ensure steady cash inflow for years, irrespective of market conditions.

One such fundamentally strong company is **Enbridge** (TSX:ENB). It operates an energy infrastructure business and a top dividend stock on the TSX.

Enbridge transports crude oil and natural gas. Moreover, Enbridge has ownership interests in renewable energy facilities. It commands a market cap of approximately $109.65 billion and offers an attractive dividend yield of about 6.56% based on the closing price of $54.15 on February 10.

Why is Enbridge a reliable monthly income stock?

Due to Enbridge's key role in the energy supply and its continued investment in conventional and renewable energy assets, Enbridge consistently generates solid DCF (distributable cash flow) that drives its dividend payments. Its assets witness a high utilization rate. Meanwhile, its diverse revenue streams, contractual arrangements to reduce commodity price and volume risk, and revenue escalators cushion its bottom line.

Thanks to its resilient business, this large-cap company has paid and increased its dividend amid all market conditions. It's worth highlighting that most energy companies announced dividend cuts amid the pandemic. However, Enbridge paid its regular dividend and increased the same.

Notably, Enbridge has been dividend for 68 years. Further, its dividend increased at an average annualized rate of 10% in the last 28 years.

This uninterrupted dividend growth highlights the strength and resiliency of Enbridge's dividend payments.

Enbridge is poised to deliver strong growth on the back of solid secured projects. Further, energy transition opportunities bode well for growth. While Enbridge's payouts are well covered, its payout ratio of 60-70% of DCF is sustainable.

Bottom line

If you buy about 500 shares of Enbridge right now, you can earn $444 in passive income every quarter, or approximately $1,776 per year. To buy 500 shares of Enbridge at the recent market price, one would have to invest about $27.1K.

Company	Recent Price	Number of Shares	Dividend	Total Payout	Frequency
Enbridge	$54.15	500	$0.887	$444	Quarterly

Price as of 02/10/2023

While Enbridge is undeniably a solid dividend stock to earn reliable passive income, investors must remember to diversify their portfolios and should not invest all of their money into a single stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ENB (Enbridge Inc.)

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. kduncombe
2. snahata

Category

1. Dividend Stocks
2. Investing

Date
2025/06/27
Date Created
2023/02/19
Author
snahata