TFSA Passive Income: 3 Stocks to Make $367 Per Month in 2023

Description

As concerns about slowing economic growth and the possibility of a looming recession are keeping investors on their toes in 2023, you can use your TFSA (Tax-Free Savings Account) savings to create a reliable source of passive income by investing in some quality monthly dividend stocks. If you're finding it difficult to pick fundamentally strong stocks for your TFSA, here's a list of three of the best Canadian dividend stocks you can buy now to earn $367 in passive income each month.

A top energy stock with monthly dividends

Pembina Pipeline (TSX:PPL) could be a great monthly dividend stock for your TFSA to earn passive income for years to come. This Calgary-headquartered energy transportation and midstream service company has a market cap of $25.2 billion. Its share prices haven't seen any notable change on a year-to-date basis and currently trade at $45.76 per share. At this price, PPL's annual dividend yield stands at 5.7%, and it distributes its dividend payouts every month.

In the first three quarters of 2022, Pembina Pipeline's total revenue rose 45% YoY (year over year) to $8.9 billion. More importantly, its adjusted earnings during the same period jumped 148% YoY to $4.73 per share. These positive results reflect its ability to maintain a strong financial growth trend despite a tough economic environment, making it a reliable stock to earn passive income every month.

Another top oil and gas stock with monthly dividends

Freehold Royalties (TSX:FRU) could be another fundamentally strong monthly dividend stock to consider right now. This Canadian oil and gas royalty firm has a market cap of $2.3 billion, as its stock trades at $15.47 per share after witnessing 2.3% value erosion in 2023 so far. At the current market price, FRU stock has an annual dividend yield of 7%.

In the first three quarters of 2022, Freehold's revenue rose by 123% YoY to $294.5 million. Similarly,its adjusted earnings during this period jumped by 247% to $1.11 per share with the help of strong commodity prices.

Recent declines in the prices of energy products, including crude oil and natural gas, could be the primary reason why its stock has underperformed the broader market this year. Nonetheless, its strong financial growth trends and strong long-term fundamental outlook make it worth buying on the dip.

And a real estate stock that pays cash every month

My third monthly dividend stock pick is a healthcare sector-focused real estate investment trust (REIT), **NorthWest Healthcare Properties REIT** (TSX:NWH.UN). It has a market cap of $2.4 billion, as its stock trades with 3.4% year-to-date gains at $9.82 per share. The stock offers an attractive 8.1% yearly dividend yield.

NorthWest currently has a solid portfolio of 233 income-producing properties with a gross leasable area of 18.6 million square feet. At the end of the September 2022 quarter, the occupancy rate at its properties stood strong at 97%, while its weighted average lease expiry was 14 years. NorthWest is continuing to focus on new acquisitions to expand its global presence and accelerate its financial growth further.

COMPANY	RECENT PRICE	NUMBER OF SHARES	INVESTMENT	DIVIDEND PER SHARE	TOTAL PAYOUT (Monthly)	DIVIDEND FREQUENCY
Pembina Pipeline	$45.76	1,000	$45,760	$0.21	$210	Monthly
Freehold Royalties	$15.47	1,000	$15,470	$0.09	$90	Monthly
NorthWest Healthcare Properties REIT	$9.82	1,000	$9,820	$0.06667	$67	Monthly
		Total	$71,050	$0.367	$367	
Prices as of Feb. 17, 2023						

Bottom line

If you buy 1,000 shares of Pembina, Freehold Royalties, and NorthWest Healthcare each right now, you can expect to earn a combined monthly passive income of $367 for their dividends, which is equivalent to around $4,404 per year. To buy these many shares right now, you'll have to make a total investment of $71,050 in these three companies. That said, you should ideally avoid investing a large sum of money in just two or three stocks to keep your risks low and rather try to diversify your portfolio by adding more such monthly dividend stocks to it.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PPL (Pembina Pipeline Corporation)

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