



Build Recurring Passive Income With This Stock Yielding +5%

Description

Growing global uncertainty makes now the time for investors to bolster the defensive characteristics of their portfolio by investing in hard assets such as property and [infrastructure](#).

Those types of investments also provide investors with the opportunity to generate a steadily growing passive-income stream that can be used to supplement other forms of income. This is because there is reliable demand for the utilization of those assets and, in many cases, they operate in markets with oligopolistic characteristics allowing their owners to be price makers rather than price takers.

An appealing investment to build a regular recurring income stream is **Dream Hard Asset Alternatives Trust** (TSX:DRA.UN): a TSX listed mutual fund trust. It invests in hard assets in Canada and the U.S. that include real estate and renewable energy. It also engages in the financing of real estate development projects. That gives Dream Hard Asset a compelling mix of growth and defensive characteristics.

Diversified portfolio

Dream Hard Asset is involved in the funding and development of some of the leading buildings under development in Toronto. It also owns a portfolio of renewable energy assets with installed capacity of 22.4 megawatts (MW), which generate a steady stream of revenue.

That income is essentially guaranteed with the power-purchase agreements (PPAs) having an average weighted term to maturity of 16.6 years. The ongoing push to cleaner sources of electricity will act as a [powerful tailwind](#) for that segment of Dream Hard Asset's operations.

Improving results

Dream Hard Asset finished 2018 with \$813 million in total assets and reported some credible annual results including a solid bottom line with net income of almost \$14 million compared to a \$9.5 million loss a year earlier. The trust has a solid balance sheet, holding \$47 million in cash at the end of 2018

and debt of \$199 million, giving it a net asset value (NAV) of almost \$635 million, or \$8.74 per unit. Total debt is a very manageable 24% of gross asset value.

It is here that Dream Hard Asset's initial appeal for investors becomes apparent. It is trading at a 13% discount to its NAV, highlighting the upside available to investors.

There is every sign that the outlook for the business is improving, and that can be attributed to management's decision in 2017 to divest its non-core assets.

Juicy +5% yield

The trust also pays a very tasty distribution yielding just over 5%, which appears sustainable when its growing earnings is considered. That monthly payment certainly enhances Dream Hard Asset's appeal for investors seeking a regular dependable income stream.

With a yield in excess of 5%, the trust offers a far better return than traditional income-producing assets, such as bonds and other fixed-income investments.

Putting it together for investors

Dream Hard Asset is a compelling income-focused investment that gives investors exposure to a diversified portfolio of leading real estate assets as well as renewable energy. It is attractively valued and is trading at a discount to its NAV, making now the time to buy. That monthly juicy distribution, yielding over 5%, makes it a very appealing for investors seeking to build a regularly recurring passive-income stream.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MPCT.UN (Dream Impact Trust)

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Author

mattdsmith

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