



How to Make \$1,000 in Dividends Every Month

Description

One way investors can pad their portfolio's returns and add to their total income is by investing in [dividend stocks](#). Real Estate Investment Trusts (REITs) in particular are [attractive options](#) because they can offer a good stream of cash flow and have a lot of recurring customers. Having a strong base makes the stocks less susceptible to big fluctuations in their sales or earnings while also making it easier for them to grow as well.

True North Commercial REIT ([TSX:TNT.UN](#)) takes it one step further in giving investors stability by focusing on what it calls "strong tenant profiles" that are either government or credit-rated tenants. It has locations in five different provinces across Canada, and its largest, Ontario, has half of the properties there anchored by either the provincial or federal government.

And with a focus on urban cities and a variety of property types — office, retail and industrial — the company has a lot of diversification that helps to minimize its overall risk profile for investors even further.

The results have paid off for True North over the years, as sales went from just \$23 million in 2014 to \$87 million this past year. Profits also rose from \$13 million to \$50 million during that time as well. Despite the company producing impressive results, its share price has risen by just 2% over the past five years.

Trading at just a little more than its book value and 13 times earnings, the stock could be an attractive buy for all types of investors. What might stand out most to investors, however, is its dividend, which is currently yielding more than 9% per year. And while that high of a payout might worry investors, over the past five years the company has generated more than enough in free cash flow to cover its dividend payments.

In 2018, True North paid \$27 million in dividends, out of free cash of \$53 million. The problem isn't that True North is paying a dividend that it can't keep up with; it's more to do with its lacklustre stock performance. Since dividend yield is directly related to both share price and dividend payments, a higher share price will reduce the overall yield. And it's clear from True North's solid performance that

the dividend doesn't look to be at risk; instead, it might be that the stock is simply undervalued.

The good news for investors, however, is that it creates a great opportunity to buy the stock and lock in this great yield today. In order to make \$1,000 in dividends from this stock every month, you'd need to invest about \$133,000. That will produce annual dividends of about \$12,000, and with the stock making monthly payments, you would earn \$1,000 per month.

Bottom line

Investors should note that while True North has been paying this dividend for years, it's still never a guarantee that it will continue to do so. However, the stock looks to be a good buy today, and it could be a great way to improve the performance of your portfolio over both the short and long term.

CATEGORY

1. Dividend Stocks
2. Investing

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