



## The Best Passive Income Stock for 2020

### Description

I couldn't believe my eyes when I saw this stock.

Despite the share price decreasing 9.4% since the beginning of the year, the company pays a dividend of \$0.0575 monthly for a dividend yield of 8.14%!

The company I'm talking about is **Gamehost** ([TSX:GH](#)), which operates hotels and casinos across Alberta. The company's operations include Boomtown Casino in Ft. McMurray, the Great Northern Casino, Encore Suites hotels and Service Plus Inns & Suites.

Gamehost also owns 91% controlling interest in Deerfoot Inn & Casino Inc., the company behind Deerfoot Inn & Casino. Although Alberta's economy has experienced a downturn in recent years, the company has been profitable in each of the past five fiscal years while keeping its dividend payout constant.

I recently wrote an article on **Great Canadian Gaming**, the growth version of Gamehost. It's also in the casino and hospitality industry, so depending on your investing style, you may want to consider Great Canadian Gaming.

Gamehost is a good investment based on its stable net income and a high dividend yield.

### Stable net income

Despite the [Alberta economy facing turmoil](#) in the past few years, the company has been able to maintain a consistent net income and has been profitable for each of the past five years.

From fiscal 2014 to fiscal 2018m net income ranged from \$16 million to \$22 million for accumulated net income of \$92 million.

As Alberta's economy recovers, investors can expect the company's net income to continue to grow. Gamehost also generates significant cash flow from operations.

In fiscal 2018, the company generated \$22 million in cash flow from operations, which was less than its total debt and capital lease obligations of \$40 million.

Although this isn't ideal, the company is choosing to pay for additional expenditures using debt as opposed to equity. This is a good strategy on the part of the company, as it leads to higher earnings-per-share, a widely used metric in the investing world to gauge the success of a company.

For passive investors, this company is ideal, as it continues to be profitable, which means dividend payments will continue in the foreseeable future.

## High dividend yield

I was pleasantly surprised to discover that Gamehost has a dividend yield of 8.14% and pays dividends monthly.

Passive investors should be intrigued by this figure, as it means that an investment of \$10,000 would yield returns of \$814 in a year. Further to this, as the dividends are paid monthly by reinvesting the dividends, the 8.14% yield will result in yields closer to 10% or \$1000 for the year.

There are not many companies on the stock market that offer security and high dividend yields. After all, casinos are in the business of making money, which means that Gamehost is [likely to be around for many years to come.](#)

## Bottom line

For passive investors, Gamehost is a pretty sweet investment.

With a dividend yield of 8.14% and net income that's remained relatively stable, the company delivers a superior dividend payout while giving investors some assurance as to its longevity in the coming years.

As Alberta's population grows, Gamehost is poised to profit from this.

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