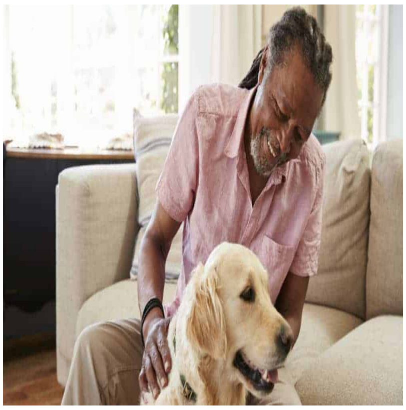

Retirees: Increase Your RRSP Withdrawals With This 1 Stock!

Description

Everyone wants to retire early, but very few people have the financial means to do so. Those of you with a TFSA or RRSP should look into **Diversified** (TSX:DIV), as it offers serious capital gains and dividend potential!

Diversified is responsible for collecting royalties from business and franchisors in North America. Its objective is to acquire predictable, growing royalty streams from a variety of businesses and franchisors.

It is a good investment opportunity due to its portfolio of companies, dividend yield, and capital gains.

Portfolio of companies

The company is behind the Sutton, Mr. Lube, AIR MILES, and Mr. Mikes brands. The variety of brands allows Diversified to adapt to the ebbs and flows of the economy, whereby certain brands may be in demand when others are not.

Sutton is a leading residential real estate brokerage firm and has over 200 locations across Canada.

Mr. Lube is a quick lube service business in Canada with 181 locations and over $235 million in annual system sales.

AIR MILES is a widely accepted loyalty program with over 200 corporate partners and over 20 million active users in Canada. In my opinion, it is a much better program than Aeroplan.

Mr. Mikes is a chain of 42 casual steakhouse restaurants in Western Canada with over $85 million in annual system sales.

High dividend yield

Through the company's receipt of royalties, it pays investors a monthly dividend of $0.02, which results in a dividend yield of 8%!

This is one of the highest dividend yields on the TSX and surpasses many income funds set up by corporations. Based on my research, **SIR Royalty** claims the top spot for dividend yield, but Diversified is easily in the top three.

An investment of $10,000 held until year end would result in $800 of passive income! Investors should consider putting money in Diversified, as its dividend payments increased in 2015 from $0.0157 to $0.0185, which suggests dividend increases in the future.

Capital gains

In addition to the company's high dividend yield, its capital gains offer investors another way to achieve a high return on investment.

In the past 10 years, Diversified's share price has increased from $0.66 to $2.79. If you had invested $10,000 in the company in 2009, it would result in capital gains of $32,273!

With a 52-week high of $3.28 and a 52-week low of $2.55, investors who bought at the trough and sold at the peak would achieve returns of 28.6%, which exceeds the 52-week high-low spread of the **S&P/TSX Composite Index** at 22.6%.

Summary

With a strong portfolio of companies that include market-leading companies, Diversified is well positioned to receive generous royalties.

This is beneficial to investors in two ways:

Firstly, the success of Diversified is directly correlated with its dividend payments. With a current dividend yield of 8%, investors can expect higher dividend payments as the company grows. The company increased its dividend from $0.0157 to $0.0185 in 2015, which indicates potential future increases.

Secondly, the company's share price has increased 303% over the past 10 years, which surpasses the 38% increase of the S&P/TSX Composite Index.

TFSA or RRSP investors looking to benefit from dividend payments and capital gains should look into Diversified!

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:DIV (Diversified Royalty Corp.)

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1. Business Insider
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1. Investing

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