



Got \$5,000? This Stock Could Give You \$570 in Extra Cash Every Year

Description

Want an extra \$570 per year for the rest of your life? All you need is \$5,000 and the right income-producing stock. To earn \$570 in annual income, that stock would need to pay 11.4% per year in dividends. That's a high bar. More importantly, that dividend rate needs to be sustainable. What good is a high dividend if it's eventually cut?

Fortunately, there *is* an opportunity like this on the market. If you want extra cash each money, look no further than **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)).

Steady and consistent

Chemtrade is a rare company. It owns a diverse portfolio of revenue streams that can generate reliable profits through both bull *and* bear markets. Here's how it works.

In a nutshell, Chemtrade is an industrial chemicals company. It specializes in niche segments like water solution chemicals, sulphuric acid, and sodium chlorate. While each individual chemical is subject to usage and pricing volatility, Chemtrade has carefully crafted a portfolio of products with offsetting swings. If profitability dips for one chemical, it may rise for another. For example, recent results were hurt by lower pricing for caustic soda, but that was offset by higher selling prices for merchant acid.

With this diversified model, Chemtrade has been able to pay a \$0.10 monthly dividend (or higher) since 2002. Today, that dividend yields 11.4% annually. If the company's 18-year dividend history isn't enough to comfort you, perhaps Chemtrade's CEO can reassure you of its stability.

When an analyst asked CEO Mark Davis whether or not Chemtrade would cut its payout, David responded quickly. "We see no reason to change it," he began. "So is the 10% dividend yield in our view rich? We think actually hopefully that yield will come down as our share price recovers, but we have no current inclination to actually reduce the distribution despite the 10% yield."

The math is simple

This is a pretty straightforward case of income generation. However much you invest into Chemtrade stock, multiply that amount by 11.4%, and that's what you'll receive in dividends every year, paid on a monthly basis. The trick is to have trust and patience.

In the summer of 2008, Chemtrade was riding high with a surge in profits. The stock price that year topped out at \$15 apiece, good for a dividend yield of 8%. When the financial crisis hit, the stock sank considerably to just \$5 per share. By early 2009, Chemtrade shares were yielding more than 20%! Yet even then, the company refused to cut the payout. By 2014, the stock had nearly quadrupled in value, all while paying the same old monthly dividend.

In the closing months of 2018, Chemtrade stock slid again from \$15 to \$10, pushing the dividend up above 10%. While others worry about its sustainability, those who understand the company know otherwise. Not only does the business model provide long-term stability, but the current dividend payout has been maintained through far worse conditions.

For every \$5,000 you put into this stock, you'll receive \$570 in cash income every year. I don't expect that math to change anytime soon.

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1. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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