



Earn 9.24% Interest on Your Money With These Stocks

Description

How much are you earning on your cash right now? With interest rates near record lows, it's likely that you're not earning much. But what if I told you that you could earn 9.24% interest on your money every year? That's several times higher than what you can get with any chequing or savings account.

While 9.24% interest sounds like a dream, it's very much reality. In fact, the companies backing the payout have kept it steady for more than a decade. By owning just two stocks, you can create a [passive-income stream](#) with no rivals.

Meet the stocks

How do you earn 9.24% on your money? Own shares of **Chemtrade Logistics** ([TSX:CHE.UN](#)) and **Inter Pipeline** (TSX:IPL). Chemtrade pays an annual dividend of 10.82%, while Inter Pipeline pays a 7.66% dividend. By owning both, you'll earn an average 9.24% in dividends every year.

How reliable is this payout? Let's look at the facts.

Chemtrade is a global provider of industrial chemicals. It distributes raw materials like sulphuric acid, water solution agents, and sodium chlorate. This isn't the most exciting industry, but it's provided reliable cash flows for decades. These cash flows have supported a \$0.10 monthly dividend since 2007. The payout wasn't even cut when the financial crisis hit.

How can you create stability by distributing commoditized industrial chemicals? Chemtrade has positioned itself well by diversifying its product portfolio and geographic reach. When pricing of one chemical dips, it's often offset by pricing gains in another product. For example, earlier this year, higher selling prices for merchant acid offset lower pricing for caustic soda. The net change was minimal, allowing Chemtrade to generate substantial cash flow.

This is a tiny stock, with a market cap of just \$1 billion. As is the case with most small-cap stocks, the price can vary more than other areas of the market. A recent stock decline has pushed the dividend yield to 10.82%, but management has no intention to change the payout. "We set it up back in 2007,

we see no reason to change it,” said Chemtrade’s CEO this year. “We have no current inclination to actually reduce the distribution despite the 10% yield.”

Inter Pipeline has a smaller payout, at just 7.7%, but that’s still way above the market average. Plus, its dividend is just as reliable as Chemtrade’s. That’s because it operates in one of the most consistent areas of the market: pipelines.

Pipelines are incredible businesses. In the past, I’ve compared them to monopolies. The comparison still holds true. Oil and natural gas producers will drill wherever there’s enough resource potential. Typically, these areas aren’t right off a highway or rail line. Instead, they can be in remote regions of British Columbia, Alberta, and Manitoba. In these areas, pipelines are often the only viable option.

Pipelines can transport significantly more volumes on a daily basis than trucks, rail, or boats. This makes them the cheapest and more efficient option for oil and gas companies. If there’s a pipeline around, energy companies will use it. Pipelines are so efficient and cost effective that pipeline operators can exert impressive pricing power without overcharging their customers. Recently, some pipeline companies have been forcing customers to lock themselves into 10-year agreements.

Inter Pipeline is raking in huge sums of cash from its existing infrastructure, and it’s also moving forward with \$3.7 billion in expansion projects. Its dividend has grown by 7.3% per year over the past decade, and these new ventures should fuel even more growth.

Build long-term wealth

Owning these stocks can give you immediate income unmatched by any savings or chequing account. And because both companies are investing in future growth, they can also help create long-term wealth for your portfolio. Finding stocks that can generate consistent income and wealth through age 50 and beyond is critical for a comfortable retirement.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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Author

rvanzo

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