



\$10,000 in This 10% Dividend Stock Will Line Your Pockets With \$1,000/Year

Description

Finding companies registered on the Toronto Stock Exchange with a 10% dividend yield is a rarity. Any publicly traded entity with such a high dividend yield is typically bound to mean trouble for investors looking to [boost their passive income](#). After all, such a high yield of payouts per share surely cannot be sustainable for the company, right?

You might be surprised that **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) is capable of and consistently pays high dividends without giving you any reason to worry. We are going to take a better look at the \$1.02 billion market capitalization company and how it operates.

If an investment like this turns out to be accurate, Chemtrade can help you earn an excess of \$1,000 per year with just an investment of \$10,000 in its shares.

A leader in the sector

Chemtrade Logistics is by no means one of the top-performing companies trading on the TSX. In the past five years, the company's share prices have fallen from its highest of \$22.01 per share to \$11 per share at writing — a decline of 47.57% in half a decade. The thing is, you do not need to worry about the company's stock price as much.

Capital gains with Chemtrade shares are a secondary concern. What matters is the company's ability to sustain the high dividend yield. How does Chemtrade secure its phenomenal dividend yield? Simple. The company is sitting pretty on its perch as the industry leader.

Chemtrade is one of North America's largest suppliers of industrial chemicals. It has a vast client base that relies on the niche that Chemtrade has secured for itself in the industry.

The company has diversified business prospects and provides industrial chemicals like sulfuric acid, water treatment chemicals, phosphorus-based chemical products, and acid processing services.

It is not the most exciting business where the stock's value can ascend and descend in single trading

sessions. Still, the company operates in a safe environment. Regardless of the overall economic situation, there is a constant need for the company's products. Chemtrade consistently delivers to cater to the demand, and it is incredibly stable in terms of performance.

Securing a more stable future

2018 was a challenging year for Chemtrade. It is also partially the reason why its [dividend yield jumped](#) from 6% to 10.95% at writing since that time. The company has maintained its dividend payouts of \$0.10, despite challenging times, and has since addressed the issues that affected the share prices.

In 2019, Chemtrade fixed its supply chain issues, particularly with the rail carriers responsible for the transportation of its products. The company has also managed to address the problems in employee retention and is training employees to become experts at what they do.

Foolish takeaway

Chemtrade's third-quarter earnings report for fiscal 2019 saw an adjusted EBITDA exceeding the consensus estimate of \$86 million by \$4 million. The management is not expected to increase its dividend payment amount any time soon. Regardless, the current yield is sustainable based on what we've seen so far.

I think an investment of \$10,000 in Chemtrade stock can potentially help you earn \$91 per month, which amounts to almost \$1,100 per year.

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Date

2025/09/27

Date Created

2019/12/04

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