



Earn \$11,000/Year From This Insane 11.43% Dividend Stock in Your TFSA

Description

Tax-Free Savings Account (TFSA) users are always on the search for the most lucrative prospects to diversify their investment portfolios. With the fear of a recession looming overhead, it would be great to get an opportunity to invest in stocks with robust fundamentals and high dividend yields that can offer steady income streams.

What if I told you there is a stock you and your spouse can invest in to earn a potential \$11,000 income each year?

I am going to discuss **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) to this end. The chemical manufacturing giant has a \$972 million market capitalization with its stock trading for \$10.50 per share at the time of this writing. Chemtrade's forward dividend yield is an unbelievable 11.43% right now. The company's payout suggests that a total investment of \$100,000 in Chemtrade stock in a TFSA can result in a yearly dividend income of \$11,000.

Efficient and focused

Chemtrade operates in a market segment where it has established itself as a [significant player](#). Its clientele consists of companies that need industrial chemicals and services. Chemtrade's business segments include Water Solutions & Specialty Chemicals, Electrochemicals, and Sulfur Products & Performance Chemicals.

Chemtrade has successfully carved out a niche for itself that allows it to generate [consistent and reliable income](#). The company had managed to increase its sales to \$1.59 billion in 2018 from \$1.22 billion three years ago. Analysts expect Chemtrade to end fiscal 2019 with \$1.56 billion in sales, falling by a slight margin.

The year was relatively slow for Chemtrade due to reduced production rates resulting from the service of rail carriers and the number of rail carriers on its fleet. An expected decrease in revenue has encouraged the company to focus on increasing its efficiency. Chemtrade has increased its rail carfleet for its products to reduce the delays in its supply chain.

Due to the changes it introduced, analysts expect Chemtrade's sales to hit \$1.61 billion by 2021. Chemtrade's production sites operate well when they run at peak utilization rates, but the company wants to improve in critical areas. The company is capable, willing, and ready to expend its capital effectively. Chemtrade expects to spend around \$90 million in capital expenditures, with an increased focus on products with higher demand.

Foolish takeaway

Chemtrade's attractive dividend yield of 11.43% comes as no fluke. Traditionally, a dividend yield this high is a sign of trouble. The falling profit margins saw Chemtrade underperform in 2019, but it has made a strong comeback after fiscal Q3 2019 results, and it is poised to carry the positive momentum forward in the next year.

When it comes to dividends, Chemtrade pays its shareholders dividends of \$0.10 per share every month without fail. With the TFSAs for you and your spouse, you can have an ample amount of contribution room to invest \$100,000 in Chemtrade stock.

Considering the phenomenal yield and strong prospects moving forward, you can earn \$11,000 plus change through dividends alone.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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

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