



How Much Dividends You'll Receive With \$10,000 Invested in RBC (TSX:RY) Stock

Description

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the largest stock on the **TSX**. It's also the largest bank in Canada, and the 11th largest in the world, in terms of market capitalization.

As [the literal king](#), both in the sector and on the market index, the Royal Bank of Canada enjoys strong investor trust. It's also a Dividend Aristocrat, with nine years of increasing payouts under its belt.

How much you'll get from a \$10,000 investment

Currently, Royal Bank offers a juicy yield of 4.04%. This will get you \$400 a year on your \$10,000 investment. It might not look a lot, but that's a much better return than you will get from the best interest rates. Also, Royal Bank is continually increasing its dividend payouts.

In the past five years, the company has stretched its dividend payouts from 3.08 per share in 2015, to \$4.2 per share this year, which equates to a dividend growth rate of 7.2% for the past five years.

What this means is that if Royal bank keeps increasing its dividend payouts at the same rate, you will be earning over \$8 per share in about 12 years, maybe less if the company increases its dividend growth rate.

But it's not the only thing you'll be getting. While Royal bank is not the fastest-growing bank among the Big Five, its growth is nothing to scoff at.

In five years, the bank's compounded annual growth rate in market value has been 6.68%. In terms of capital gains, your \$10,000 investment will be worth twice as much.

Other reasons

Being the top player in one of the world's safest banking sectors is reason enough, in my opinion, but

there are other reasons as well. In terms of market value growth, Royal Bank is just 0.7% shy of the first spot among the Big Five.

At 5.4%, the year-over-year quarterly growth of Royal bank is the best among the bunch. The bank also has the second-highest earnings-per-share and the highest return-on-equity (15.74). 2019 was tough on the sector as a whole.

Still, Royal bank managed to stay afloat somehow; it didn't fall as much as other banks did.

Foolish takeaway

If I were to choose one reason to put Royal bank in your TFSA, it would be reliability. The bank is too large to be swayed by the usual market head winds.

As a Dividend Aristocrat, the bank is expected to keep growing the dividend payouts as well. So if a [consistent passive income](#) is your goal, the chances of going wrong with the Royal Bank are very low.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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