



## Retirees: How to Earn at Least \$1,275 a Quarter in Passive Income on an Investment of \$69,500

### Description

Canadians nearing the age retirement need to look at avenues that can generate a stable stream of recurring income. Investing in stocks that have high dividend yields may enable retirees to ensure recurring cash flows.

The Tax-Free Savings Account (TFSA) has a contribution limit of \$69,500 for anyone who has not invested in this account since its introduction in 2009. If you allocate this amount equally to the top three stocks of **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF**, it can result in quarterly payments of \$1,275 or yearly payments of \$5,100.

### Alaris Royalty

**Alaris Royalty** (TSX:AD) is the top holding of the ETF and accounts for 2.43% of the fund. The company provides capital to private businesses, and these investments are in the form of preferred limited partnership interests, long-term licence or royalty agreements or preferred interest in limited liability companies in the U.S.

In short, Alaris provides equity capital to steady growth companies. The company [has returned an average](#) of 79% in the 13 investments it exited. It increased sales from \$89.1 million in 2017 to \$100 million in 2018. Analysts expect sales to touch \$131 million by the end of 2021.

Alaris is a small-cap company with a market cap of \$855 million. It is trading at a market cap to 2019 sales ratio of 7.35. The stock has gained 21.5% in the last 12 months compared to the S&P 500 gains of 23.2%.

However, Alaris stock is still trading at an attractive price-to-earnings multiple of 12.9. Comparatively, analysts expect company earnings to rise by an annual rate of 8% in the next five years, and with a forward dividend yield of a juicy 7.4%, the stock can continue to surge higher if the broader market moves higher.

## Inter Pipeline

**Inter Pipeline** (TSX:IPL) is the second-largest holding of the ETF and accounts for 2.28% of the fund. IPL is a petroleum transportation, storage, and natural gas liquids processing business. It [has a bulk liquid storage business](#) in Europe with 23 terminals that provide 37 million barrels of storage capacity.

Due to weakness in the Canadian energy space, the stock has lost 36% in market value. Investors are also concerned over Inter Pipeline's high debt levels, which stand at \$6.45 billion compared to its market cap of \$9 billion.

In the last 12 months, shares are up by a measly 4.73%. However, the market value decline since 2015 has meant that IPL's dividend yield stands at 7.9%.

## Fiera Capital

**Fiera Capital** (TSX:FSZ) is the third-largest holding of the ETF and accounts for 2.28% of the fund. Fiera Capital is a Canada-based investment company. It provides investment advisory and related services in North America.

The company has managed to grow sales from \$344 million in 2016 to \$540 million in 2018. Analysts expect Fiera to post revenue of \$772 million by 2021. Alaris is a small-cap company with a market cap of \$1.29 billion. It is trading at a market cap to 2019 sales ratio of two. The stock has gained 4.5% in the last 12 months, despite stellar top-line growth.

Fiera stock is trading at a forward price-to-earnings multiple of 8.6. Comparatively, analysts expect company earnings to rise by an annual rate of 15.3% in the next five years and with a forward dividend yield of 6.67%, the stock can beat broader markets in 2020 and beyond.

## The verdict

While the above three companies have solid dividend yields, investors need to analyze the long-term prospects of the firms. Alaris, IPL, and Fiera may underperform if recession fears come true, as they are small-cap companies and have high betas.

Investors can also look to allocate funds in other dividend-yielding stocks to further diversify their portfolios.

### CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:FSZ (Fiera Capital Corporation)

## PARTNER-FEEDS

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

## Category

1. Dividend Stocks
2. Investing

## Date

2025/08/25

## Date Created

2020/02/07

## Author

araghunath

default watermark

default watermark