



## TFSA Investors: \$25,000 in This Dividend Stock Pays \$1,750 Per Year

### Description

As Tax-Free Savings Account (TFSA) investors, you might be on the lookout for high-yield dividend stocks that can promise a sustainable passive income.

Not many Dividend Aristocrats offer very juicy yields, however. Granted, with such a company, you can be sure about your payouts and expect increases in the future payouts; but there simply aren't that many options with very high dividend yields.

**Acadian Timber** ([TSX:AND](#)) is one of the newly acclaimed Dividend Aristocrats. The company has been increasing its payouts for five consecutive years. In its sector, Acadian Timber is only the second company to maintain such a decent dividend streak.

### The company

Acadian Timber currently has a market value of about \$283 million, and it's in the relatively volatile business of forest products. The company has about 2.4 million acres of land under its management, and it's one of the largest timberland operators in its region.

Half of the company's product portfolio is composed of solid wood, and about 13% of the company's total output is engineered wood. About 23% of the company's total output is paper and the rest is pulp and fuel.

While this may not appear to be that diverse, as a major player in the country's paper and construction wood industry, Acadian's cash flows are relatively safe.

If we look at the market value of the company in the past five years, it had a rather shaky run, with price mostly fluctuating between \$20 per share and \$16 per share. Currently, the company is trading at \$16.8 per share at writing.

The company's profit margin is 17.83%, and its diluted EPS is 1.05. In terms of volatility, the company isn't following the **TSX** and has a beta of 0.61.

## The dividends

The company is currently offering a dividend yield of 7% — a relatively high number, especially among the Dividend Aristocrats. If you are investing a part of your fully stocked TFSA — a sum of \$25,000 — in your TFSA, you can expect a yearly payout of \$1,750.

The company increased its payout from 0.93 per share to 1.16 per share in the past five years. If it continues along the same path, you might get a sum of \$2,100 after five years in yearly payouts.

The company's payout ratio of almost 110% might give [many investors a pause](#). It has increased from 38% in 2015. But if the company management can find a way to establish better cash flows, this nascent Dividend Aristocrat might continue to line up its investors' pockets with decent payouts in the future as well.

## Foolish takeaway

As a TFSA investor looking to diversify its portfolio, you might like to lock up this [amazing dividend yield](#). But high risks follow high rewards.

While the company is stabilizing, the payout ratio is not sustainable. How long Acadian can keep paying its investors out of its own pocket is yet to be determined.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ADN (Acadian Timber Corp.)

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