



Earn \$100 a Month With This 8.2% TSX Dividend Stock

Description

Dividend investing is one of the best ways long-term investors can compound their capital in **TSX** stocks.

Not only is it efficient and a great investing strategy, but it's also satisfying to watch the dividend payments come in and grow your cash balance while you look for your next investment.

Naturally, for any investor, the sight of a high-dividend yield is much more attractive than a smaller yield, with all else being equal. The problem is, things are *not* equal.

High-yield dividend stocks are priced that way for a reason. Generally, it's because the market either sees risk to the business or its dividend, or both.

That doesn't mean investors should just automatically shy away from high-yield dividend stocks, however. It actually means the opposite — that a high-potential opportunity could be available.

The market's not always right, and when you can expose that you stand to make a fortune. We still, however, have to proceed with caution in these [higher-risk stocks](#), staying disciplined and conservative so we don't over-extend ourselves.

One **TSX** dividend stock that is looking pretty attractive from a risk to reward perspective is **Corus Entertainment Inc** ([TSX:CJR.B](#)).

Top long-term TSX stock

Corus is mainly in the TV media business. The company owns conventional channels, a whole host of specialty channels and is also itself a content creator.

The media industry has been shifting, and Corus has recognized this. Its early push to start making its own content has been a major factor up until now and will continue to be a key for its success going forward.

Another key to the success of its business long-term will be its ability to further transition to online media through its subscription services.

Although cord-cutting until now has been moving at a slower pace than many initially expected, it will still be a long-term trend. So it's important Corus focuses on maximizing both its short-term results and its positioning for the long-term.

Because this industry is more mature, it leads to two things: It makes these TSX stocks perfect dividend payers, and these more mature stocks tend to get sold off further in bear markets. This creates the ideal opportunity to buy a great long-term dividend stock on the cheap.

One of the cheapest TSX stocks

Apart from its strong business operations and industry positioning, what makes Corus so attractive today is the valuation of its shares.

In fiscal 2019, the company earned \$0.85 per share and \$1.37 per share in free cash flow, which means as of Monday's closing price of \$2.91, Corus had a trailing price-to-earnings ratio of just 3.4 times and a trailing price-to-free cash flow of 2.1 times.

Furthermore, the stock trades at just a 0.4 times price to book ratio and pays one of the most attractive dividends on the TSX.

Corus' dividend

As of Monday's close, Corus' \$0.24 per share annual dividend was yielding approximately 8.25%, which means that if you wanted to earn roughly \$100 a month from the dividend, you would need to invest just under \$15,000 in the TSX stock.

The dividend has a trailing payout ratio of just 28%. However, management has noted that if business conditions become worse than expected, there is potential for the TSX stock to [cut the dividend](#).

This would only be in a worst-case scenario and would be used as an emergency tool to create a little more liquidity for itself. However, I think there's only a slim chance of a dividend cut in the current environment.

Even without the dividend, though, Corus is still an incredible long-term investment. There is a tonne of value in the shares, especially when we return to a normal economic environment where more advertisers have dollars to spend.

Bottom line

At the moment, I view Corus as a medium-risk, high-reward stock. While I do acknowledge that there is some risk to its business in the short-run, the stock is just way too cheap on a long-term basis.

On top of that valuation, it pays one of the highest dividends on the TSX, making it an all-around top stock to buy today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)

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