



1 Underrated Dividend Stock I Just Had to Buy This Month

Description

It's the season of buying dividend stocks. March's market crash crippled many stocks and that's created some amazing deals along the way. Not only did the crash give investors the opportunity to secure some low prices but it also sent dividend yields soaring in the process. That's why now is the perfect time to get in and buy a dividend stock because when the markets fully recover, these deals will be long gone.

The idea that you can easily get a top five bank stock at a dividend yield of [more than 5%](#) per year is incredible. They're low-risk investments, they grow, and they're great long-term buys. But from a risk standpoint I can understand not getting into financial stocks right now, especially since they could go lower amid a [recession](#).

One of the safest high-yielding stocks out there right now

I didn't buy shares of a bank stock. Instead, I took the opportunity to be a little greedy and lock-in even better yield, while at the same time trying to minimize my risk. That's why I invested in **True North Commercial Real Estate Investment Trust** ([TSX:TNT.UN](#)).

The stock is down more than 25% in 2020. Investors are selling off real estate stocks out of fear that rent payments won't be collected and that it will put their dividend payments in jeopardy.

But True North isn't your average real estate investment trust. This is a stock I've been eyeing because of its stability. Not only does it have diversification with properties across the country, but its lead tenants are the most stable tenants you'll find anywhere.

True North counts the federal government as a client, in addition to multiple provincial governments as well. The company says that about 35% of its revenue comes from federal and provincial governments and another 41% comes from credit-rated tenants that it says are "well capitalized."

The company released its first-quarter results of fiscal 2020 on May 5. And with an occupancy rate of 97%, revenue of \$35.3 million was up 37% from the prior-year period. True North's funds from

operations per share were \$0.15 and in line with how the company did last year.

There were no red flags in the first quarter. What sealed the deal for me, however, was when on April 22 the company announced that it collected 99% of its rent for the month, confirming the stability of the REIT.

A double-digit dividend that can generate significant income

True North's monthly dividend of \$0.495 currently yields around 11% per year. It's an incredible payout that combined with the stock's stability made it a no-brainer to buy on the dip. Even a \$12,000 investment into True North at that yield would be enough to generate \$110 per month in dividend income.

And, if you hold the stock inside of a Tax-Free Savings Account (TFSA) that's a solid stream of income that you can count on every month that won't be taxable.

True North is a solid buy that gives investors a good mix of value and dividends. It's a great long-term hold that can be helpful in supplementing your income during these challenging times.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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