Want to Grow Your Dividend Income? Choose These 2 Stocks

Description

Earning passive income has been crucial, if not urgent, during the health crisis. The Canadian economy survived the biggest collapse (5.4% GDP contraction) but has gained momentum entering 2021. However, the abnormal recession not seen before persists.

Fortunately, the household savings rate increased in the early months of the pandemic. Canadians have free cash to create more income streams. Likewise, they should start to appreciate, not overlook, the **Toronto Stock Exchange's** (TSX) simplest fundamental: dividend yields. Dividends are also one of the resilient features of the stock market.

The TSX is doing okay in 2021 but remains bumpy. Still, it shouldn't prevent you from growing dividend income. **Bridgemarq** (TSX:BRE) and **Diversified Royalty** (TSX:DIV) pay at least 8% dividends if you need to grow dividend income substantially.

Realtors' income source

Bridgemarq did not slash dividends, despite the 7.7% and 75.1% decline, respectively, in revenue and net income in 2020 versus 2019. The $158.38 million company ended the year with $13.9 million in distributable cash flow. Meanwhile, the stock still gains by 16.11% year to date. Over the last 10 years, the total return is 163.73% (10.17% CAGR). The current share price is $16.70, while the dividend yield is 8.08%.

The leading provider of services to residential real estate brokers has a network of roughly 19,000 realtors. Bridgemarq's brands, Royal LePage, Via Capitale, and Johnston & Daniel, have a combined 289 franchise agreements. In 2020, management suspended fixed franchise fees in 82% of its realtors' network.

Bridgemarq's temporary alternative to its standard fee plan was the Pandemic Fee Relief Plan. Management implemented an increased variable fee of 3% to 4.2% of gross commission income, up to a limit. According to its president and CEO, the relief plan helped realtors weather the unprecedented economic slowdown.

The company announced that effective January 1, 2021, Bridgemarq's traditional fee plan (fixed franchise fees) is back. Would-be investors should know that Bridgemarq is an affiliate of **Brookfield Business Partners**. The latter is a business services and industrials company focused on owning and operating high-quality businesses.

Top royalty company

At $2.50 per share, Dividend Royalty pays a fantastic 8% dividend. Current investors are up 7.86% year to date. In 2020, the $302.97 million multi-royalty corporation reported a 13.7% increase in adjusted revenue versus the prior year.

Dividend Royalty has been around since 1992 and primarily engages in acquiring top-line royalties. Its objective is to acquire predictable, growing royalty streams from diverse multi-location businesses and franchisors in North America. The trademarks it owns today are AIR MILES, Mr. Mikes, Mr. Lube. Nurse Next Door, Oxford Learning Centres, and Sutton.

Mr. Lube (43.6%) and AIR MILES (19.9%) are the top contributors to the royalty firm's total revenue. Management constantly monitors the impact of the pandemic on the businesses of Royalty Partners. DIV's president and CEO Sean Morrison is confident their royalty partners are well positioned for a meaningful recovery post-vaccination. Likewise, DIV intends to pursue accretive royalty purchases to increase cash flows.

Understand the risks

Market analysts agree that dividend stocks are one of the best sources of income of any asset class. However, prospective income investors must understand the business risks of their stock prospects. It would be best to be well informed before making a firm investment decision.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BRE (Bridgemarq Real Estate Services Inc.)
2. TSX:DIV (Diversified Royalty Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

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