



Passive-Income Alert: This TSX Stock Could Earn You \$200/Month

Description

One thing that almost all new investors need to learn is to set realistic goals. That's just as true about growth stocks as it is about dividend stocks, and one area where reality doesn't happily meet expectations is associated with dividend stocks — i.e., passive income.

Many investors mistakenly believe that they can start a passive income that's comparable (or average) to their passive income. But unless you have a pretty hefty sum tucked away somewhere, that's a highly unrealistic expectation.

Let's say you need to start a passive income of \$2,000 a month, or \$24,000 a year, to augment your primary income for sustaining your lifestyle. Even if you can create a very high-yield dividend portfolio (10%), you'd need about a quarter of a million to get to the requisite number.

But if you have realistic expectations and a decent sum tucked away in your [TFSA](#) (about \$31,000), you can easily start a \$200 a month passive income by investing in **Fiera Capital** ([TSX:FSZ](#)).

Passive income

Fiera Capital is currently offering a [mouthwatering yield](#) of 7.9%. It pays quarterly dividends of \$0.21 per share, a number it hasn't changed since 2019. However, the company *did* grow payouts before 2019. The payout ratio is high and seems unsustainable, but it's about one-tenth of what it was last year, and the company sustained its dividends even then.

With \$31,000 invested in the company (which is less than half of a fully-stocked TFSA), you can start a passive income of about \$200 a month. That's about enough to cover the grocery bill for a single individual for a whole month. Or you can find other uses for this little passive income. If you don't need the money right now, you might consider opting for dividend reinvesting.

The stock is still trading at an 18% discount from its pre-pandemic valuation. And \$200 a month is enough to buy about 18 shares. Even if the valuation reaches its two-decade peak, you will still be able to buy over 13 shares of the company with \$200. So, in a year, you can easily add between 156 and

216 shares of Fiera to your portfolio, which will result in an additional \$32.7 to \$45 a year.

The company

Fiera is a Montreal-based investment company with about \$172.9 billion in assets under management (AUM), making it the third-largest asset manager in the country. The business is divided into three operating groups: public markets, private markets, and private wealth. About 58% of the AUM are in Canada, yet they were responsible for 49% of the revenue in 2020.

The company has a geographically diversified portfolio of assets. A decent portion of its capital is tied to fixed-income assets, which might not be exciting for growth, but it facilitates capital preservation.

Foolish takeaway

If you don't need to use the \$200 a month passive income on your regular expenses and you don't want to reinvest, another great way to spend this amount can be buying up [other stocks](#). At \$2,400 a year, it can fund about 40% of a TFSA's yearly contribution room (\$6,000).

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:FSZ (Fiera Capital Corporation)

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