Earn $500 a Month With These Dividend Stocks

Description

The quickest way to set up a $500-per-month income stream is through dividend stocks that provide juicy and safe yields. Here are some high-yield dividend stocks on the Canadian Dividend Aristocrat list that appear to offer sustainable dividends. These names fit in with Larry Berman's thoughts this month: "in an inflationary environment, value [stocks] will outperform growth [stocks]."

Recall that Canadian Dividend Aristocrats are stocks that have increased their dividends for at least five consecutive years.

Manulife stock

Manulife (TSX:MFC)(NYSE:MFC) is a cheap dividend stock yielding an awesome 5.5% yield. It trades at a price-to-earnings ratio of about 7.4, while it has potential to increase earnings at a rate of about 8% over the next three to five years. At this writing, at $23.89 per share, the analyst consensus price target suggests 28% upside potential over the next 12 months.

Here's some commentary on the dividend stock from analysts that appeared on *BNN* last week.

> "Manulife just raised its dividend by 18%. It's growing its business in North America and China. They have a dividend that pays over 5%. 80% of its business on the asset basis is based on fixed income. If we see rising rates, this is definitely going to be a company that will benefit from that. I like Manulife at this time. "
> *Brooke Thackray, research analyst at Horizons ETF Management Canada*

This analyst has a theory as to why Manulife appears to be undervalued compared to its peers.

> "Manulife is potentially undervalued because of its China exposure. The Chinese stock market has been one of the worst-performing asset classes this year, which is surprising given they have no COVID cases according to the official statistics and given they're doing

> so much better than the rest of the world. Historically, it's a very good way to play rising interest rates because their future liabilities are discounted based on current interest rates. And if current interest rates are very low, the present value of those future liabilities is actually quite high. But as rates rise, those future liabilities decline in present value."
> *Brendan Caldwell, president and CEO, Caldwell Investment Management*

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a retail real estate investment trust that pays a monthly cash distribution yielding 5.8%, which income investors may be interested in. The REIT has a five-year dividend-growth rate of 2.8%.

An analyst commented on SmartCentres in November 2021.

> "SmartCentres is primarily anchored by **Walmart**. That's a positive attribute. The drawback of such a great anchor is low rent growth. This is not necessarily a bad thing as it provides an attractive distribution yield. In our minds, that distribution yield is quite safe. The flip side is, today, we're looking at an environment where we value growth. We have inflation on the horizon and where real estate benefits from inflation is it can capture rent growth. SmartCentres trades at its net asset value and has one of the lowest growth rates among its retail peers. If you own it today, continue to hold it. It is safe. For us, at Vision, we're total return investors, and so, … we're always looking to [for] something cheaper on the stock market … and generate the bulk of our returns from capital gains."
> *Andrew Moffs, senior vice president and portfolio manager at Vision Capital*

Bottom line

Between the two dividend stocks, investors can get an average yield of about 5.65%. To get $500 a month across these dividend stocks, you would need to invest about $53,097 in each stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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