



2 Dividend Stocks for Easy Passive Income

Description

Using your money to purchase dividend stocks is an easy way to [earn passive income](#). There are no other activities except having the initial financial investment and choosing the right stock. With [runaway inflation](#) today, it would be best to have other income sources besides your regular income.

The **Toronto Stock Exchange** is the marketplace to shop for dividend-paying companies. Whether the payout is quarterly or monthly, investors receive income at regular intervals. If you don't need to use the dividends, reinvest them to derive the power of compounding. Income-producing assets like stocks are [best to hold in a TFSA](#) for tax-free money growth.

Among the profitable choices this month are **Freehold Royalties** ([TSX:FRU](#)) and **Slate Grocery** ([TSX:SGR.U](#)). The former is a royalty stock, while the latter is a real estate investment trust (REIT). Both trade at less than \$20 per share and yield more than 6%.

Enhanced business strength

Freehold boasts a high-netback portfolio of mineral titles and royalties on oil & gas properties across North America. Its royalty lands are in Canada and the United States. The focus of this \$2.23 billion royalty company is to provide prospective investors with lower-risk returns and growth over the long term.

Energy is the TSX's hottest sector in 2021, and the royalty stock mirrors the sector's performance. At \$15.04 per share, the trailing one-year price return is 118.55%. Current investors enjoy a 31% year-to-date gain in addition to the 6.38% dividend. On April 18, 2022, the 33% increase in the dividend for shareholders on record on March 31, 2022, will take effect.

According to management, Freehold is well positioned to participate in a higher commodity pricing environment. In 2021, royalty and other revenue increased 129% to \$206.19 million versus 2020. Net income reached \$72.08 million compared to the \$13.93 million net loss in the previous year.

The year's highlight was the 146% year-over-year increase in cash flows from operations to \$162

million. Freehold president and CEO, David M. Spyker, said the team is energized for 2022. Because of the enhanced business strength, management can elect to reduce net debt to zero by year-end 2022. Moreover, it plans to continue the measured pace of dividend growth and achieve a 60% payout ratio.

Resilient lessor

REITs trade like stocks and are alternatives to owning physical properties. Investors become mock landlords earning rental-like income. However, the choice of REITs is crucial to mitigate the risks. Slate Grocery is perhaps among the resilient lessors in the real estate industry. This \$972.96 million REIT owns and operates grocery-anchored real estate in the United States.

CEO Blair Welch said, “We have significantly accelerated the REIT’s growth and enhanced the overall stability and durability of our portfolio ... We are extremely well positioned to benefit from organic growth and to pursue high-quality, accretive acquisitions that will unlock value for our investors.”

Management believes the superior portfolio of grocery-anchored assets provides long-term sustainable income. At \$16.43 per share (+15.86% year to date), the dividend offer is a generous 6.57% dividend. A \$15,000 investment will generate \$985.50 in easy passive income.

Bottom line

Creating a passive-income stream can help you cope with rising inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:SGR.U (Slate Retail REIT)

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Date

2025/08/20

Date Created

2022/04/11

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