



Passive Income: 1 High-Yield Canadian Stock to Buy Now and Hold Forever

Description

As the stock market continues to slide in 2022, investors need to focus on [high-dividend-yielding stocks](#) on the **TSX**. Doing so will help investors reduce their overall risk exposure by letting them generate passive income from stock investing. With this passive-income goal in mind, I'll highlight one fundamentally strong Canadian stock with a nearly 7% dividend yield to buy now that could help you generate a handsome passive income in the long run.

Sienna Senior Living stock

Sienna Senior Living ([TSX:SIA](#)) is a Markham-based firm that aims at providing long-term care and seniors' residences in British Columbia and Ontario. Its stock is currently trading with 12.4% year-to-date losses at \$13.17 per share. The company's high-quality [assets](#) include 43 long-term-care residences, 27 retirement residences, and 13 managed residences.

A Canadian stock with good upside potential

After posting consistent profits in the previous five years, the COVID-19-related operational challenges badly affected Sienna Senior Living's business in 2020. This was one of the reasons the company posted an adjusted net loss of \$0.37 per share in that year, as the pandemic woes took a big toll on occupancy. Nonetheless, Sienna's fundamentals started showcasing an improvement in the second half of 2021 with a sharp recovery in occupancy. As a result, its total revenue in 2021 stood at \$669.5 million — not much lower than its pre-pandemic revenue level of \$669.7 million (in 2019). In December 2021, the average same-property occupancy rate of its retirement segment reached 85.3% — the segment's highest level in nearly two years — and kept improving further in January 2022.

While Sienna Senior continued to follow pandemic-related capacity limitations or isolation requirements in the final quarter of 2021, its occupancy on licensed beds remained strong with accelerating long-term-care admissions. These positive operational factors, along with its declining pandemic expenses, helped the company post \$0.31 per share in adjusted earnings in 2021 against an adjusted net loss of

\$0.37 per share in the previous year and earnings of \$0.11 per share in 2019.

Future growth prospects

Most businesses that faced challenges during the pandemic phase saw a handsome recovery in 2021 amid reopening economies and easing restrictions. But not all of them are expected to maintain strong financial growth in the coming years. On the positive side, Bay Street analysts expect Sienna Senior Living's earnings growth to remain solid in the next few years as well. According to Street's estimates, it's expected to report a 32% and 49% YoY jump in its earnings in 2022 and 2023, respectively.

Old-age population growth is likely to outpace overall population growth in Canada in the coming years, which should boost the demand and financial growth for companies like Sienna Senior Living. To accelerate its growth further, the company is also actively focusing on expanding its business through quality acquisitions.

Ideal stock for passive-income investors

These positive growth prospects and the significantly improved operating performance in the last couple of quarters make Sienna Senior stock look undervalued. Continued business growth could allow the company to reward its investors with higher dividends in the long term. At the time of writing, Sienna stock has a strong dividend yield of 7.1%, which makes it an ideal stock to buy to generate reliable passive income.

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