Passive Income the Easy Way: Buy These 3 Dividend Stocks

Description

Canadians can bolster their cash flows or increase disposable income through dividend investing. Retirees can also supplement their OAS and CPP pensions with dividend income. The best part about this income-generating strategy is that there's minimal effort to earn money.

However, the key to maximize returns and protect against losses is to pick companies with essential businesses or can endure economic downturns. Right now, three inflation-beating stocks with strong fundamentals are profitable options.

Strong pricing and demand

Acadian Timber (TSX:ADN) is a well-known timberland owner in eastern Canada and the northeastern United States. The $315.32 million company has around 2.4 million acres of freehold timberlands under management. Acadian delivered solid operational results in 2021 and Q1 2022, despite the pandemic-induced business slowdown.

Last year, sales volume and net income declined 6.7% and 15.4% year over year. However, free cash flow increased 11.7% to $16.93 million compared to 2020. The company paid $19.35 million in dividends for the year and $4.83 million in Q1 2022. In the three quarters ended March 31, 2022, revenue grew 3.9% versus Q1 2021, although the bottom line dropped 28.6%.

However, Adam Sheparski, Acadian's president and CEO, said, "Acadian posted a solid start to the year benefiting from strong pricing and demand for sawlogs, together with improved pricing and demand for softwood pulpwood." He said the volume didn't increase significantly due to reduced trucking capacity.

Sheparski added, "Although we faced significant inflationary pressures during the quarter, our focus on merchandizing our products to obtain the highest margins available and making improvements throughout the business has begun to take hold." According to management, new homebuyers and low housing inventory are potential growth drivers, despite rising interest rates.

Acadian Timber trades at $18.83 per share and pays a juicy 6.24% dividend.

Bigger and better

Freehold Royalties (TSX:FRU), a $2.11 billion oil & gas royalty company, benefits from the favourable pricing environment. In Q1 2022, royalty and other revenue increased 136.7% to $87.6 million versus Q1 2021. Notably, net income jumped 581.4% to $38.39 million compared to same period last year.

David M. Spyker, Freehold's president and CEO, said the record level funds from operations marks the second straight period the company reached the achievement. He added that because of the expanding North American portfolio, Freehold is now a bigger, better company. If you invest today ($14.01 per share), you can partake of the generous 6.79% dividend.

Return to growth

Sienna Senior Living (TSX:SIA) experienced a business reversal in 2020 due to the global pandemic. The $952.8 million company offers a full range of seniors' living options, (retirement and LTC or long-term care) in Canada. Fortunately, the operating environment is strengthening, and the business is returning to normal.

In 2021, the average occupancy rates in the retirement and LTC segments rose to 84.6% and 88.9%. Sienna's net income reached $20.64 million compared to the $2.48 million net loss in 2020. Nitin Jain, Sienna's president and CEO, said the company should return to growth due to the vastly improved fundamentals.

At $13.09 per share and a dividend yield of 7.11%, Sienna is a viable option for income investors.

Rising inflation

With inflation rising at a rapid pace in 2022, people should consider using their free cash to purchase dividend stocks for extra income.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ADN (Acadian Timber Corp.)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:SIA (Sienna Senior Living Inc.)

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