



Top Up Your Passive Income: 2 TSX Stocks With Towering Dividends

Description

Dividend investing is one of the [opportunities for people to earn](#) modest or substantial extra income, depending on the amount of capital. Runaway inflation is headline news these days, such that creating passive income becomes more pressing. Dividends are part of market returns, but it helps protect investors from inflation.

The yields of TSX stocks have grown significantly through the years, which is beneficial to income-oriented Canadians. Many RRSP and TFSA users hold them for tax-free money growth or income. Companies belonging to various sectors or industries offer solid support for dividends.

Today, **MCAN Mortgage** ([TSX:MKP](#)) and **Alaris Equity Partners Income Trust** ([TSX:AD.UN](#)) are attractive options because of their towering dividend yields. Both may not be the typical anchor stocks but are worth owning to boost investment income through the power of dividends.

A new brand identity

MCAN Mortgage, now MCAN Financial Group after the rebranding, is a \$567.42 million mortgage investment corporation (MIC). This MIC generate income streams by investing in Canadian mortgages that includes residential, residential construction, non-residential construction and commercial loans.

The stock's total return of 44.75% (13.03% CAGR) in 3.02 years is pretty decent. Thus far, in 2022, investors are ahead 6.81% year to date. At \$18.06 per share, MCAN pays an over-the-top 7.97% dividend. Assuming you invest \$50,000, your dividend earnings would be \$2,391, or nearly \$200 every month. Because MCAN is an MIC, it can deduct dividend payments from taxable income.

According to Karen Weaver, MCAN's president and CEO, the recent change in corporate name reflects the scope and breadth of what the MIC can do. The new brand identity also signals a new phase for MCAN. Management will leverage its extensive real estate expertise, as it continues to focus on growth and ingenuity.

In Q1 2022, net income dipped 2.5% to \$15.5 million versus Q1 2021, although total corporate assets

increased 5% to \$2.8 billion. Ms. Weaver said, “Our first-quarter results were solid and in line with our expectations, despite market conditions materially changing since this time last year due to the increasing interest rate environment, housing market challenges, inflation, and geopolitical uncertainties.”

Record capital deployment

Alaris has surprisingly held steady amid a complex environment. At \$18.90 per share, current investors enjoy a 3.09% year-to-date gain on top of a lucrative 6.98% dividend. Lower middle market companies with historical free cash flows of \$3 million or more seek funding support (permanent equity or long-term capital) from this \$862.69 million private equity firm.

In Q1 2022, revenue and net earnings increased 11.4% and 8.9% versus Q1 2021. Alaris also deployed \$82.3 million in capital during the quarter. Its president and CEO Steve King said, “We are pleased to be reporting first quarter revenue exceeding guidance, as well as the prior year, as a result of the record deployment over the last year and a half.”

For 2022, management expects to generate \$154.8 million and \$93.8 million in revenue and net cash from operating activities, respectively.

Sustainable payouts

Not all dividend-paying companies can sustain payouts when the market turns sour. However, the businesses of MCAN and Alaris seem capable of overcoming the strong headwinds in 2022.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:MKP (MCAN Mortgage Corporation)

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