



## Higher Passive Income From 2 Dividend Titans Could Neutralize 8% Inflation

### Description

Statistics Canada will report today the inflation reading for June 2022, although an 8% rate or slightly higher won't be surprising anymore. The Bank of Canada increased its policy rate by a full percentage point last week in anticipation of a higher and more persistent inflation. Economists forecast the inflation rate to be between 8% and 8.4%.

The discomfiting news is that the central bank expects inflation to stay in the high range or 7.2% on average this year. An accelerating consumer price index (CPI) would be punishing to households because it erodes purchasing power. However, neutralizing rising inflation is possible through dividend investing.

Passive income from dividend stocks can preserve the value of your money, if not help [cope with inflation](#). If you're chasing after higher-than-market average yield, **Doman Building Materials** ([TSX:DBM](#)) and **Fiera Capital** ([TSX:FSZ](#)) pay 9.11% and 9.49% dividends, respectively.

A \$64,520 combined position (\$32,260 in each) will generate \$1,500 in passive income every quarter. Your overall return should be higher if the share prices appreciate when market conditions improve.

### Familiar territory

Doman had a great start to 2022, as evidenced by the strong financial results in the first quarter. In the three months ended March 31, 2022, net earnings increased 23% to \$42.02 million versus Q1 2022. Notably, consolidated revenues grew 63.7% year over year to \$851.3 million.

Amar S. Doman, Doman's chairman of the board, said, "Our top-line results are demonstrative of the continued strength of our business platform in Canada and the U.S." The \$523.61 million company distributes building materials in North America. Its subsidiaries, CanWel Building Materials, Hixson Lumber Company, and California Cascade, are the treating plants and major distributors.

Management said general economic headwinds are manifesting in inflation and increased interest rates. It added that there's price volatility in certain product categories. Nevertheless, Doman will focus

on adapting and performing during these uncertain times and familiar territory.

The industrial stock isn't a mediocre investment. Its total return in 3.01 years is 68.11% (18.87% CAGR). Market analysts covering Doman forecast the price to appreciate from \$6.03 to \$8.86 (+47%) in 12 months.

## Rebalancing strategy

At \$9.06 per share, Fiera Capital trades at a discount (-9.68% year to date) but pays an ultra-high dividend. The \$928.82 million independent asset management firm operates globally and provides customized and multi-asset solutions across public and private market asset classes. Institutional, financial intermediary, and private wealth clients across North America forms the customer base.

In Q1 2022, Fiera suffered an 84.7% drop in net earnings versus Q1 2021 because of geopolitical events and multi-decade high inflation. Management had to rebalance its portfolio owing to the challenging equity and fixed-income markets. Still, Jean-Philippe Lemay, Fiera's Global president and CEO, was pleased with the overall business activity.

Lemay said Fiera can hedge against inflation by focusing on real assets and private credit that are less susceptible to volatile market swings.

## Dividend titans

Dividends aren't mandatory or guaranteed in that changes in policies are possible due to higher uncertainty. But so far this year, Doman and Fiera seems capable of sustaining their high dividend payouts. However, it's important to understand the inherent risks of the dividend titans before taking a position.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:FSZ (Fiera Capital Corporation)

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