



## 1 Under-the-Radar Dividend Stock to Buy for Monthly Passive Income

### Description

Those of us that continue to seek out a strong dividend stock these days are finding it harder and harder — not that it's hard to find a deal. There are plenty of stocks out there going through a rally, as the market continues to recover. However, it's *much* harder to find a monthly passive-income stock that will continue paying, even after a market recovery.

### What's happening?

The [TSX fell](#) by about 17% from peak to trough between April and July of this year. During that time, financial institutions in particular were hit hard. These were major income producers, and I'm sure many investors were surprised to find a dividend stock that had been growing steadily suddenly drop.

However, this came as inflation rose month after month. So, what's happening now? Inflation is slowly falling back. After rising interest rates tamped back inflation, it seems like it may indeed be working. There was a 7.6% year-over-year increase in inflation during July, which, while still high, is an improvement from the month before.

That means there are investors seeking out passive income from a strong dividend stock — one that offers incredible value and high payments. And while there are plenty out there, this one remains under the radar.

### Canoe EIT Income Fund

**Canoe EIT Income Fund** ([TSX:EIT.UN](#)) is a fund that invests in stocks and fixed-income markets in Canada and the United States. It seeks out growth and value stocks in diversified sectors and pays out a strong monthly dividend yield of 9.02% as of writing.

Yes, 9.02%.

Furthermore, it's an absolute steal. Canoe stock trades at just 3.02 times earnings, even with shares

up 5% year to date. In the last month, however, growth has been even higher, with shares up by 8.5% as of writing.

It's been noted before that a lot of the cash used to fund the dividend stock and its dividend yield comes from cash invested by shareholders. It continues to hold a lot in cash, but management remains confident it can keep up its 9% or higher yield. And, frankly, recently, it's been proven right.

Canoe stock merely has to keep its share price growing, and lately, that's been the case. Over the last five years, share have increased by 96%. That's a compound annual growth rate (CAGR) of 14.55%. Its revenue has exploded in the last year or two as well, providing investors with a strong outlook for the next few years.

## Adding up the numbers

So, if you're going to look at this dividend stock solely for its monthly passive income, it looks like that income is sustainable for the near future at the very least. Shares are finally climbing in a positive direction after the fall from 2009 and dwindling towards 2019. Now, shares are back up, and we could even see an increase in dividends in the years to come — something more to what it was back before the Great Recession.

For now, it maintains a \$1.20 per share dividend for investors. The dividend stock [has been stable](#) with that amount for the last decade and more. That means at today's price, a \$10,000 investment could bring in \$900 in annual income! That's \$75 per month!

Furthermore, if improvement continues, the dividend stock could bring in more returns. Should you see similar growth in the next five years, your \$10,000 portfolio could be worth \$19,727. If you reinvest dividends, that could add up to \$26,574!

## Bottom line

Canoe stock has had a turbulent past, which is likely why it remains under the radar. But still, if you're looking for high monthly passive income from a dividend stock, you can't go wrong with even a short two- to three-year investment — especially as dividends remain so incredibly high and as shares continue to trade so low.

### CATEGORY

1. Dividend Stocks
2. Investing

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