



## 2 Underrated Dividend Stocks That are Aristocrats in the Making

### Description

Investors typically look for the right mix of investments to provide a stable and recurring income stream. And while investors tend to flock to some of the most popular dividend stocks on the market, there are other, underrated dividend stocks that are just as appealing.

Here's a look at two such stocks.

### The monthly income earner

Finding a great income stock that provides a stable and recurring dividend can be a daunting task for investors. And finding one that pays out monthly is even rarer. That's where **Exchange Income Corporation** ([TSX:EIF](#)) comes into play.

Exchange Income is acquisition focused. The company owns over a dozen subsidiary companies, which broadly fall into the aviation or manufacturing segment. These businesses are unique in that they provide a necessary service within an isolated niche market. The fact that they're in niche markets means there is little to no competition.

Prime examples of this include providing passenger and cargo services to Canada's remote north on the aviation side. Turning to manufacturing, a unique example includes a business that's responsible for the installation of cell phone towers.

The other unique element of these subsidiary companies is that they generate cash for Exchange Income. This in turn, translates into the juicy monthly dividend on offer. The current yield on that dividend works out to a generous 5.94%. This means that a \$40,000 investment in EIF will provide a monthly income of \$198.

Prospective investors should also note that Exchange Income has provided bumps to its dividend over the years, the most recent of which came this past summer.

## The most important company that you've never heard of

Have you heard of **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#))? Chances are you haven't, but that's OK.

Saskatoon-based Nutrien is the largest crop input and services provider on the planet. The company produces a whopping 27 million tonnes of phosphate, nitrogen, and potash products. The company also boasts an extensive [agricultural](#) retail network comprising well over 500,000 grower accounts.

Nutrien is one of the few companies on the market that has soared this year. Year-to-date, the stock is up a whopping 25%, whereas the market is down nearly 13%.

In terms of results, in the most recent quarter, Nutrien saw its sales surge 45% to US\$14.5 billion, whereas earnings soared 224% to US\$3.6 billion. Part of the reason for the company's rise this year stems from the pervasive uncertainty in the market.

Apart from the impact of the war in Ukraine, Nutrien is impacted by rising fuel and energy prices, as well as ongoing global supply issues. The company is also heading into its high season, as farmers begin to harvest their crops, and purchase fertilizer for the following year.

These factors have helped push the stock higher this year, and by extension, led to Nutrien bumping its dividend. Nutrien's quarterly dividend currently carries a respectable yield of 2.5%, making it a solid underrated dividend stock to consider for passive income.

## Will you buy these underrated dividend stocks?

No investment is without risk, and that applies to both Exchange Income and Nutrien. Fortunately, both stocks operate in unique segments of the market where there is little competition and plenty of upsides, even in this [volatile market](#).

In my opinion, one or both of these underrated dividend stocks should form a small part of every well-[diversified portfolio](#).

### CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:EIF (Exchange Income Corporation)
3. TSX:NTR (Nutrien)

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