



Want \$10,000 in Annual Passive Income? Buy 11,628 Shares of This TSX Stock

Description

The selloff surrounding most equity markets is making investors rightfully nervous in 2022. Central banks all over the world are raising interest rates at an accelerated pace to combat inflation. In fact, the Federal Reserve is also willing to risk an economic recession to tame inflation.

A challenging macro-environment coupled with the steep valuations of stocks across sectors have driven share prices lower in 2022. But as stock prices and dividend yields are inversely related, income-seeking investors can consider buying quality dividend-paying stocks trading at a discount right now.

[Dividend stocks](#) provide investors an opportunity to create a passive-income stream and benefit from the power of compounding. I have identified one of the top dividend stock on the TSX you can buy right now to earn \$10,000 in passive income each year.

The best TSX dividend stock for annual passive income

While there are several dividend-paying stocks on the TSX, a handful of them are fundamentally strong. In addition to the dividend yield, investors need to analyze the company's financial statements, recent growth trends, and key industry drivers before making an investment decision.

One TSX stock that ticks most boxes is **Fiera Capital** ([TSX:FSZ](#)), an asset-management firm with more than \$156 billion in assets under management as of June 2022.

Fiera Capital is a small-cap company valued at \$895 million. It provides customized multi-asset solutions to institutional and private wealth clients across North America, Europe, and Asia.

Similar to most other companies operating in the financial sector, Fiera Capital is also cyclical. Its assets under management are bound to surge in a bull market and will expectedly contract when [market sentiment turns bearish](#). For example, it managed close to \$188.3 billion at the end of the fourth quarter of 2021, and this number has narrowed by almost 20% in the following six months.

Due to a challenging macro-environment, Fiera Capital shares are down 43% below all-time highs. But

the pullback has also increased its forward yield to a tasty 9.83%.

Is Fiera Capital stock a buy?

Fiera Capital's global reach and investment capabilities allow it to expand offerings and provide investors access to multiple asset classes, including private markets, equity, and private credit portfolios.

Fiera Capital is an asset-light company that benefits from high operating leverage. In a period of low-cost debt, the company managed to increase sales from \$540.28 million in 2018 to \$737.84 million in 2021. Its operating income more than doubled from \$65.3 million to \$135.3 million in this period.

In the last 12 months, its free cash flow stood at \$110 million, while annual dividend payouts stood at \$71 million, indicating a payout ratio of 64.5%.

In the last 18 years, Fiera Capital's expanding revenue and profit margins have allowed the company to increase dividend payouts at an annual rate of 7.4%.

The Foolish takeaway

If you buy 11,628 shares of Fiera Capital at the current market price, you can earn \$10,000 in passive income annually. Further, if the stock is held in your Tax-Free Savings Account, the payout will be exempt from Canada Revenue Agency taxes.

But to own 11,628 shares of the company, you would require an investment of almost \$102,000, which is quite risky, as it makes sense to have a more diversified exposure to the equity market.

But this article can be used as a starting point to identify similar dividend-paying stocks that offer high yields to investors and diversify your income portfolio.

CATEGORY

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2. Investing

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