



Want \$500 in Passive Income Each Month? Buy 5,556 Shares of This TSX Stock

Description

If you want to generate monthly passive income, you don't need to take unnecessary risks by investing your hard-earned savings in some overvalued real estate assets. Instead, you can start earning reliable passive income by investing in a quality [dividend stock](#) on the TSX, which can keep paying you monthly passive income, even in difficult economic conditions besides the returns you get on your invested money with appreciation in its share prices.

In this article, I'll talk about one such monthly dividend stock you can consider buying on the TSX right now.

A trustworthy TSX monthly dividend stock to buy now

When you're investing for the long term mainly to earn passive income, you should ideally choose stocks that have diversified assets and strong profitability. Considering that, **Freehold Royalties** ([TSX:FRU](#)) could be a very trustworthy stock to consider right now. This Calgary-based, oil-and-gas-focused royalty firm has a [market cap](#) of \$2.6 billion at the moment.

While growing concerns about inflationary pressures and rapidly rising interest rates have driven the TSX Composite benchmark down by 7.9% in 2022 so far, Freehold stock continues to be among the top-performing Canadian stocks with a solid 50% year-to-date gains. The company distributes its dividends on a monthly basis and has an impressive annual dividend yield of 6.2% at the current market price of \$17.49 per share.

Financial growth track record and fundamental outlook

The ongoing growth trend in Freehold's financials looks impressive, as its revenues have been growing at a much stronger YoY (year-over-year) rate than 100% for the last five consecutive quarters. In the June quarter, the company [registered](#) a very solid 142% YoY increase in its total revenue to \$108.5 million. Apart from higher revenues, stronger commodity prices helped it register an eye-popping 340% YoY increase in its adjusted earnings for the quarter to \$0.44 per share — also exceeding analysts'

estimates.

Commodity prices have seen a correction in the last few months, which could trim Freehold's profitability in the short term. Nonetheless, its long-term growth outlook is likely to remain largely unchanged by the short-term challenges, as the demand and price outlook for energy products continue to be strong amid growing geopolitical tensions and supply-side concerns.

Despite its big year-to-date gains, Freehold's consistent focus on maintaining a portfolio of high-margin asset class and financial strength with low debt levels make it a very safe TSX monthly dividend stock to buy and hold for the long term.

Bottom line

While these positive factors should keep driving Freehold stock higher, you can also expect to earn \$500 in monthly passive income from its dividends if you buy 5,556 of its shares at the current market price. But to own these many shares, you'll have to invest about \$97,175 in it. That said, it's highly recommended that you avoid investing a big amount of money in a single stock to minimize your risk profile. Instead, you can choose to diversify your portfolio by adding more such [fundamentally](#) strong dividend stocks to it.

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