



1 Oversold Dividend Stock (With a 10% Yield) I'd Buy This December

Description

Quality dividend stocks are rightfully a popular investment choice among equity investors. A company that pays investors a dividend typically generates consistent profits across economic cycles, showcasing the resiliency of its business model.

Holding a portfolio of [dividend stocks](#) allows shareholders to create a steady stream of passive income as well as benefit from long-term capital gains. But not every company that pays investors a dividend is a good investment.

You still need to carefully analyze the drivers impacting an entity's financials, including its revenue and profit margins. It's also critical to evaluate an organization's ability to maintain dividend payouts and sustain a high yield when the macro-environment turns challenging.

Here is one such high-yield dividend stock [trading on the TSX](#) that investors can buy this December.

Is Fiera Capital stock a buy?

One high-yield dividend stock that investors can consider buying is **Fiera Capital** ([TSX:FSZ](#)). Shares of this asset management company are down over 40% from all-time highs increasing the dividend yield to a tasty 10%.

One of Canada's leading financial firms, Fiera Capital, ended the third quarter (Q3) with \$158.3 billion in assets under management. It delivers multi-asset solutions to institutional and private wealth clients globally.

Fiera Capital has successfully gained traction over the years by leveraging its differentiated solutions offering across verticals and asset classes. It generates revenue by charging clients a fee to manage their funds. So, its revenue will depend on the size of its assets under management (AUM), which has grown from \$29 billion in 2011 to a record high of \$188 billion in 2021.

A period of low interest rates and quantitative easing policies allowed the stock and private equity

markets to deliver game-changing returns to investors in the last decade. This period also allowed Fiera Capital and its peers to keep expanding its AUM, revenue, and profit margins.

Fiera Capital sales have risen from \$540.28 million in 2018 to \$737 million in 2021. However, a sluggish economy is expected to lower the company's sales by 9.4% year over year to \$680 million in 2022.

Fiera Capital's performance is tied to the stock market, given it primarily depends on the expansion of its AUM to drive revenue. So, while sales might be range bound in the next 12 months, FSZ stock will be a top bet once the markets recover and investor sentiment improves.

Can Fiera Capital sustain its high dividend yield?

Fiera Capital currently pays investors a dividend of \$0.86 per share annually. Given its share price, the dividend yield is close to 10%. So, an investment of \$10,000 in FSZ stock would allow investors to generate close to \$248 in quarterly dividend income.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Fiera Capital	\$8.67	1,153	\$0.215	\$247.89	Quarterly

In the last 18 years, the company has increased its payout at an annual rate of 7.4%. If Fiera Capital continues to increase the dividend by 7% annually going forward, your annual dividend could almost double in the next decade.

Bay Street analysts also remain bullish on FSZ stock, with a 12-month price target of \$9.71, which is 12% higher than the current price. After accounting for its dividend yield, total returns may be closer to 22% in the next year.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:FSZ (Fiera Capital Corporation)

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