



1 Under-\$5 Dividend Stock to Buy for Monthly Passive Income in 2023

Description

The last year has been tough for stock investors across the world, as growing macroeconomic uncertainties stoked fears about a looming recession. This is one of the key reasons why the commodity-heavy **TSX Composite Index** fell by 8.7% in 2022, despite continued strength in most [energy stocks](#). While investors are hoping to see a stock market recovery in 2023, the challenges for the market might be far from over, as factors like high inflation and the possibility of more rate hikes are still keeping investors on their toes.

In such a difficult market environment, it makes sense for investors to look for quality [dividend stocks](#) that can help them earn monthly passive income and deliver healthy capital gains at the same time. In this article, I'll talk about one such under-\$5 dividend stock in Canada that you can consider buying in 2023 to hold for the long term.

Under-\$5 Canadian dividend stock for monthly passive income

While it's true that you may want to look at a stock's dividend history before investing in it for passive income, you must also take the prospects for its future earnings growth into account. On the one hand, a stock with great dividend history but weak fundamentals could trim or discontinue its dividends in the future. On the other hand, a stock that recently started paying dividends to investors may continue to do so for decades if it has a strong financial position underpinned by a resilient business model.

Keeping that principle in mind, I find **Tamarack Valley Energy** ([TSX:TVE](#)) a great dividend stock to consider in 2023. This Calgary-headquartered energy company currently has a [market cap](#) of \$2.3 billion, as its stock trades at \$4.13 per share. Interestingly, despite broader [market volatility](#), TVE stock surged by more than 250% in 2021 in 2022 combined.

Is it a reliable stock to invest in now?

Apart from delivering such strong capital gains to investors in the last couple of years, Tamarack Valley also offers a decent 3.6% annual dividend yield at the current market price and distributes its dividends

on a monthly basis. Although it has just been a year since it started paying dividends, its five-year [growth plan](#) reflects the company's focus on enhancing shareholder return with a combination of dividends and share buybacks.

In the last few quarters, Tamarack has also increased its focus on improving its financial position further by reducing debt. While it's yet to announce its full-year 2022 results, the company's adjusted earnings in 2021 grew positively by 177%, with the help of a 134% year-over-year increase in its total revenue.

Analysts expect the Canadian oil producer's strong financial growth trends to continue in the future as well. According to Bay Street analysts' estimates, Tamarack Valley's revenue could reach more than \$2 billion in 2023, which is massively higher than its total revenue of \$524.9 million in 2021.

Given its strong financial growth expectations and a focus on delivering quality shareholder returns, Tamarack could be a reliable monthly dividend stock to consider for the future, even without having decades-long dividend history.

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