2 TSX Dividend Stocks With Seriously Huge Payouts

Description

Whether you are investing in dividend stocks to start a passive-income stream now or wish to grow them for the future (via a dividend-reinvestment plan) for your retirement years, a high yield is hard to pass on. But if the yield is too high, it pays to be skeptical about the reasons behind it.

Market-wide or even industry-wide slumps that result in a considerable dividend yield are typically safe, assuming they don't hurt the company's financials hard enough to make the dividends unaffordable and unsustainable.

However, if the high yield is isolated to one or a few stocks within the industry, especially in a bull market, then there is cause for concern. But even with companies like these, you may consider locking in a high yield if there are signs of recovery.

An investment management company

Montreal-based **Fiera Capital** (TSX:FSZ) is an investment management company that operates in multiple markets and has roughly $158 billion worth of assets under management (AUM). That's quite a portfolio for a company with a market capitalization of just $763 million. The largest segment of the company's AUM is in public market equities, closely followed by fixed-income assets.

Almost 62% of the revenue comes from Canada, and the rest comes from the U.S. and other international markets. Even though it's not a very healthy diversified mix, it may be enough to keep the company afloat if its Canadian revenues are in trouble.

Fiera Capital is not a good pick from a capital-appreciation perspective, even though it's on the rise from its recent slump and has already grown 4.4% in 2023. However, the company is a fantastic investment from a dividend perspective, thanks to its mouthwatering yield of 9.3%.

That's enough to start a $ 387-a-month passive income with $50,000 invested in the company.

The high yield is backed by a payout ratio of 156%, which may not seem healthy, but the company has sustained and even grown its dividends through much higher payout ratios, so we can reasonably assume that it may do the same in the future as well.

An iron ore company

Base metals are less exciting than precious metals like gold or silver or even battery metal mining stocks that have gained a lot of traction in the last few years thanks to an electric vehicle (EV) boom. However, the correct base metal stock can be just as promising regarding capital-appreciation potential and far more attractive from a dividends perspective.

Labrador Iron Ore Royalty (TSX:LIF) is that stock and offers a potent mix of growth potential and high-yield dividends. The stock is currently on its way up and has grown 11% this year. But it's still trading at a 23% discount from its last peak, which is one of the reasons behind its attractive 7.33% yield.

The $0.7 quarterly dividends per share are pretty low compared to what the company paid its investors in the second and third quarters of 2021, but the payout ratio is stable. Considering the company's dividend history, the payouts may increase significantly in the right market conditions.

Foolish takeaway

The high yield is currently the only factor common between the two stocks, and they are radically different from most other perspectives. This makes them a good combination from a diversification standpoint.

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2. Investing

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adamothman