



For a Shot at \$10,000 in Annual Passive Income, Buy 11,628 Shares of This TSX Stock

Description

Investors searching for ways to create passive income can buy shares of dividend-paying companies. It is a capital-efficient way for you to build an alternative stream of income, as you can start with as low as \$10. In addition to consistent dividend payouts, shareholders will also benefit from long-term capital gains.

Further, if the stock is held in your TFSA, or [Tax-Free Savings Account](#), you can earn dividend income tax free for life. With these factors in mind, let's see if you should own shares of **Fiera Capital** ([TSX:FSZ](#)) right now — a company that pays investors a dividend yield of 9.3%.

Is Fiera Capital stock a buy or a sell?

Fiera Capital operates in the asset management vertical and generates revenue from management and performance fees. In periods of economic expansion, companies such as Fiera Capital benefit from a larger inflow of investor funds as you are bullish on asset classes such across the public and private markets. Alternatively, during a downturn, the assets under management expectedly take a beating.

It currently provides its base of high net worth and institutional investors access to multiple asset classes, such as stocks, bonds, and real estate in addition to private market deals.

For example, between 2017 and 2021, Fiera increased sales at an annual rate of 13% and reported record revenue of \$737.85 million in 2021. In the last 12 months, its sales have fallen to \$719.5 million. Comparatively, its assets under management have fallen from \$188.3 billion in 2021 to \$158.5 billion in 2022.

A weak macro environment and falling sales and profit margins have dragged FSZ stock lower by 40% from all-time highs. But the decline in share prices has elevated the stock's dividend yield significantly.

Fiera Capital pays investors an annual dividend of \$0.86 per share. These payouts have increased at

an annual rate of 7% in the last 19 years. While the company has paid shareholders a dividend each year since 2004, Fiera reduced these payouts by 50% during the financial crash of 2009.

Despite these fluctuations in dividends, FSZ stock has returned 171% in dividend-adjusted gains since 2011, which is quite similar to the overall returns of the TSX index.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Fiera Capital	\$9.24	11,628	\$0.215	\$2,500	Quarterly

Priced at 7.5 times forward earnings, FSZ stock is reasonably priced. The company is bound to expand revenue and earnings if global markets recover in the next few months, making it a compelling bet for investors.

FSZ is trading at a discount of 8% to analyst price target estimates. After including its dividends, total returns might be closer to 19%.

The Foolish takeaway

In order to earn \$10,000 in annual dividend income, you need to buy 11,628 shares of Fiera Capital. At its current price, it will cost you close to \$108,000. But it does not make financial sense to allocate such as huge amounts of capital towards a single TSX stock as dividend payments are not guaranteed and can be revoked at any time.

Instead, you need to identify similar high-dividend stocks and create a diversified portfolio of companies across multiple sectors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:FSZ (Fiera Capital Corporation)

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