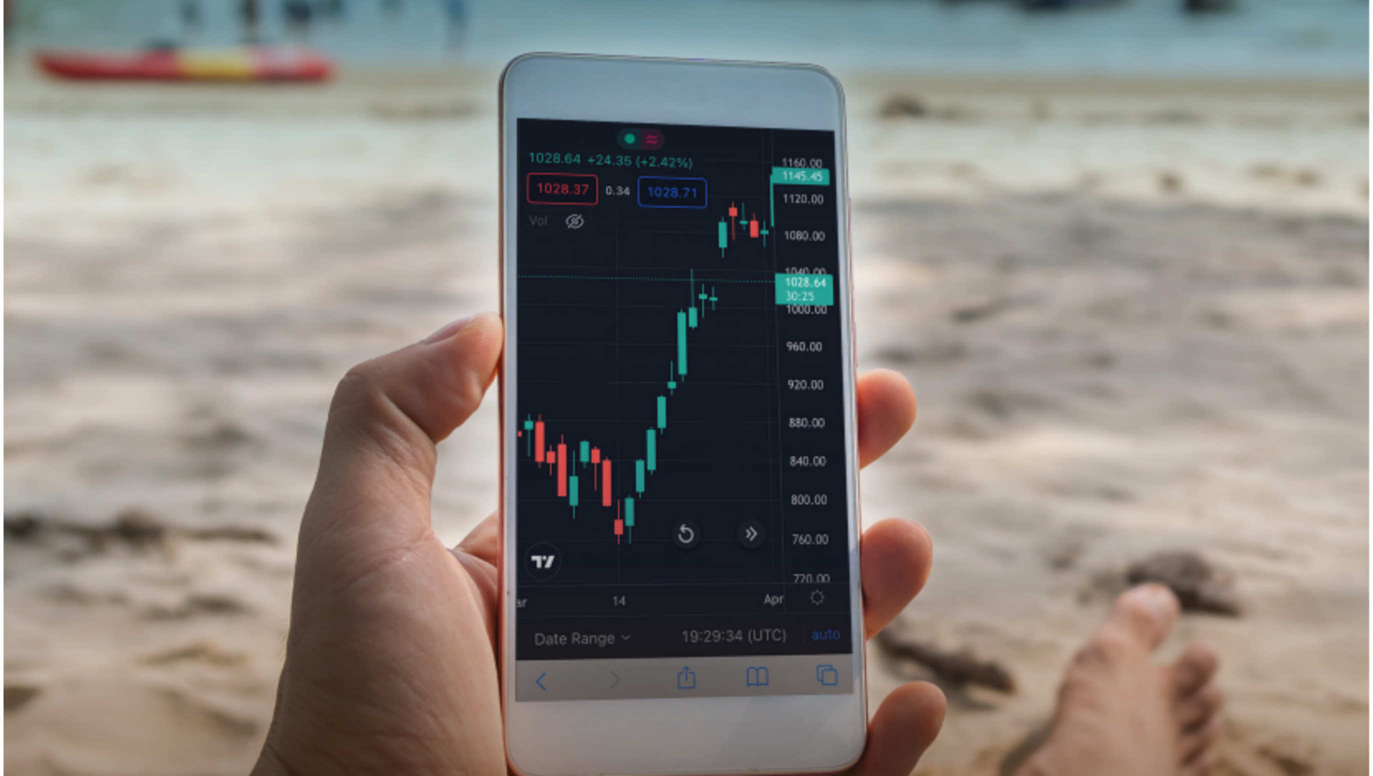
THE LAZY INVESTOR'S GUIDE

to Earning Passive Income with High-Growth Dividend Stocks

(4 TOP PICKS INCLUDED)



MONEY MORNING

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Some traders genuinely enjoy watching and trading their stocks every day as a hobby, but if you're more into fishing, golfing, or just lazing about the house with your family, you're not alone – and you can still make potentially massive returns without even lifting a finger.

The secret is in dividend investing.

Dividend stocks actually pay *you* for holding the stock – and that's in addition to the money you make as the share price grows. The earnings a company makes either go back into the company itself (in the form of paying off debts, expanding operations, etc.) or can be paid out directly to shareholders via a dividend. Because you're paid based on how much stock you own, stocks with high dividends are a great way to make consistent passive income on your investments.

This way, you can spend less time watching the markets like a hawk and more time doing what you love – traveling, sailing, whatever floats your boat – and you'll still be earning steady income the whole time.

The trick, of course, is knowing which dividend stocks to invest in to get the most out of your money. That's why ***Money Morning*** has consulted our top experts to create this guide on how to find the best dividend stocks – including a few stellar picks to start your portfolio.

The 4 Best Dividend Stocks to Buy Now

There is a pervasive myth that dividend stocks have low growth. The truth is that while there are some stocks that try to make up for lackluster growth prospects by offering a high dividend, there are also gems out there that give you high stock price appreciation as well as a strong dividend – you just have to know where to look.

And sometimes, you'll find that growth/dividend one-two punch where you'd least expect it – like the budding cannabis industry or the high-growth tech industry. In fact, that's the case for the first stock we have for you today...

Dividend Stock to Buy Now, No. 1: The Next Big Landlord of Cannabis

The prime example of a double-hitter success story with both high growth and a high dividend is **Innovative Industrial Properties Inc.** (NYSE: IIPR). IIPR is a real estate investment trust (REIT) – a company that owns, operates, or finances real estate properties such as apartments, warehouses, malls, and hotels – that specializes in providing real estate capital for the cannabis industry.

REITs are particularly good dividend investments because they are required to pay a minimum of 90% of taxable income in the form of shareholder dividends each year.

IIPR has made a name for itself delivering on dividends as well as eye-popping returns. From its opening price at $20.25 on Dec. 1, 2016, its stock price has surged 801.2% to $182.50 – where it sits at the time of writing.

Now, IIPR's most likely already delivered its most impressive gains, but it's a success story we can learn from. And there's a new cannabis REIT on the block that's likely to give it a run for its money.

We're talking about **AFC Gamma Inc.** (NASDAQ: AFCG).

A mortgage REIT that lends to established cannabis industry companies in states with legalized medicinal or recreational marijuana, AFC Gamma is the second pure play cannabis REIT to list on a major exchange.

Because federal regulations make banking difficult for cannabis companies, AFC Gamma is in a unique position to benefit from the industry's need for capital. And the company's leadership knows how to play its hand exactly right...

The management team has extensive experience in both lending and real estate, having directly structured over $10 billion in loan transactions and taken four companies public. So they know that due to the company's position as one of the only real estate providers for the cannabis industry, it can afford to be picky. The underwriting process is rigorous to say the least. Of 409 potential deals last year, only 18 made it to funding or commitment (with 75 under further review).

And for the same reason it can afford to be picky, AFC Gamma can also afford to be pricey. It's well paid for its loans, carrying interest rates of 12% or higher in most cases – with loans secured by substantial assets such as real estate and cash flow produced by the businesses.

All of this means that AFC is in the enviable position to be able to profit from low-risk, high-interest loans.

AFC Gamma currently offers a 12.25% yield, and shares are under $20 right now. This is the perfect stock to buy now to make steady passive income on a high-growth stock.

AFCG Dividend Yield*: 12.25%

** as of April 11, 2022*

Action to Take: Buy **AFC Gamma Inc.** (NASDAQ: AFCG) at market.

Our next pick comes from yet another high-growth industry...

Dividend Stock to Buy Now, No. 2: Biotech's Dividend Aristocrat

AbbVie Inc. (NYSE:ABBV) is the biotech company that developed the arthritis medicine Humira – the world's top-selling drug since 2012.

AbbVie was spun off from Abbott Laboratories in 2013, and since then, not only has it shown strong, consistent growth but it's also increased its dividend payment each year – from $1.60 in 2012 to $5.64 in 2022, for a current yield of about 3.28%.

ABBV Dividend Yield*: 3.28%

** as of April 11, 2022*

It ranks among the top 20 "Dividend Aristocrat" stocks with the most consecutive years of dividend growth, and there's good reason to believe this trend will continue.

Some investors may worry about the longevity of the stock since sales for Humira – which currently accounts for about 40% of the company's revenue – are sagging, and the patent for the drug expires next year. But AbbVie is more than prepared for this transition.

Humira's strong sales have allowed AbbVie to invest in growth while still paying a strong, consistent dividend. AbbVie bought biotech firm Allergan (the company that makes Botox) back in 2020. The rights to Botox are sure to give AbbVie strong revenue from the growing aesthetics market.

Alongside its acquisitions, AbbVie also has a number of other medications in the works. Imbruvica, a cancer drug, accounted for 13.7% of the company's sales in 2020. Its new drug Skyrizi is now approved for adults with moderate to severe plaque psoriasis as well as active psoriatic arthritis and is expected to generate billions in worldwide sales in the coming years.

So with a secure dividend, strong revenue, and solid growth, AbbVie is right in our dividend/growth sweet spot and is a strong buy now.

Action to Take: Buy **AbbVie Inc.** (NYSE: ABBV) at market.

The next stock on our list boasts not only strong dividend and revenue growth but also a particular resistance to inflation *and* a backdoor tech industry opportunity that gives it a top spot on any buy list right now...

Dividend Stock to Buy Now, No. 3: A Growth, Dividend, Tech, and Inflation Play All in One

Heritage Financial Corp. (NASDAQ: HFWA) is an Olympia, Washington-based bank that trades at a low price/earnings ratio of just 8.92 right now.

The growth story for Heritage is impressive to say the least. It has grown from $1.3 billion to $7.4 billion in assets since 2010. A good portion of that growth comes from well-executed acquisitions. Heritage has bought seven other banks in the Pacific Northwest region, allowing it to expand its service area. The company particularly targets other banks whose valuation and cost savings allow Heritage to earn internal rates of over 15%. This all adds up to 55 Heritage branch locations in the area between Portland and Seattle, although it is also turning increasingly to digital as demand for in-branch banking services declines.

Looking at the top-to-bottom operation, Heritage is a well-run ship – all told. Its nonperforming assets rate (loans where the borrower has not made payments for an extended period of time) is just 0.3% – two-thirds of the national average. Similarly, its nonaccrual loans (unsecured loans whose payments are 90 days or more overdue) have decreased 59.1% since Dec. 31, 2020, to 0.32% of total assets now.

Meanwhile, Heritage's location near many large tech industry employers including Microsoft, Amazon, and Intel, makes it a backdoor play in the tech industry as well. Its particular service area gives it exposure to small and midsized tech companies, executives, and employees that supply these giants, and you can bet that when these companies do well, so will Heritage Financial.

And Heritage's dividend story is about as solid as they come. It currently yields 3.35%, and its payout has increased about 14.5% annually for the past several years. Even in 2020, when many

HFWA Dividend Yield*: 3.35%

** as of April 11, 2022*

banks decreased or deferred dividends to shareholders, Heritage increased its dividend.

As if that wasn't enough, Heritage is also an inflation story. While many investors worry when the Fed raises rates, higher rates actually increase profits for the banks like Heritage. Higher rates mean higher margins and profits for banks, and 23% of Heritage's assets are in cash that can be invested at higher rates, which will help boost profits as rates rise in 2022.

So Heritage is a growth story, a dividend story, a tech story, and an inflation story – and at less than 10 times earnings, it's a no-brainer buy right now.

Action to Take: Buy **Heritage Financial Corp.** (NASDAQ: HFWA) at market.

Our final recommendation is for another inflation-resistant stock that has seen promising insider buying recently...

Dividend Stocks to Buy Now, No. 4: Follow the Money to This Insider Favorite

FS KKR Capital Corp. (NYSE: FSK) is a business development company – or BDC. BDCs became popular after the 2008 financial crisis and lend to the middle market of American industry – small and midsized companies.

FS KKR Capital is comanaged by FS Investments and KKR & Co. Inc. (NYSE: KKR), which merged last year to form the second-largest business development company in the United States – with over $16 billion in assets.

The BDC focuses on upper-middle market companies with $50 million to $100 million or more earnings before taxes, depreciation, and amortization (EBITDA). In particular, management prefers to focus on senior secured loans – loans that are "secured" by a company's assets – which means FS KKR has a much higher chance of being paid back even if something goes wrong with the borrower's business.

This strategy has a long history of success for the company, which has around 90 years of combined experience on its team. Its evaluation process is strict, using the same approach for each loan candidate that the KKR private equity team uses when buying a company. The team only lends to companies with a high probability of paying back their loans.

And because FS KKR is the lead or sole lender on 95% of the loans it makes – with about 70% of the portfolio being senior secured debt – it will always be the first to get paid in the case of any problems.

Better yet, FS KKR is inflation resistant. About 90% of its portfolio is floating rate, which means that if rates go higher, so do borrower's loan payments – and in turn, FS KKR's revenue.

And if you aren't convinced by the numbers alone, take a look at how insiders are behaving right now. Insiders sell for many reasons, but they only buy for one – they're confident the stock is going up. And in recent months, FS KKR has seen significant insider buying – with over 7,500 shares bought by insiders just this month.

FS KKR has the second-highest yield of the dividends we're recommending today at 11.02%. And at its current valuation of 80% of book value, you can get this stock for essentially 20% off right now.

FSK Dividend Yield*: 11.02%

** as of April 11, 2022*

It's the perfect stock to round out your dividend portfolio at just over $22 per share.

Action to Take: Buy **FS KKR Captital Corp.** (NYSE: FSK) at market.

Next up, we'll show you how to make even more off of your high-growth dividend stocks...

Use This Strategy to Get Even Higher Returns from Your Dividend Stocks

Each of the dividend stocks we've recommended today has high-growth prospects in addition to their strong dividends, which makes them perfect candidates for dividend reinvestment plans – or DRIPs.

If you find that you don't need immediate access to the income produced by your dividend investments, DRIPs may be the right way to go for you. With DRIPs, instead of getting payments directly your dividends are immediately reinvested into additional or fractional shares of the underlying stock on the dividend payment date. This way, your money grows even faster as you reinvest without any additional risk on your end.

You can use this strategy for some or all of your dividend investments, depending on how much income you'd like to secure monthly to your personal accounts for travel and vacation, etc. Many stocks with high dividends offer DRIPs directly, but you can also set up an autoreinvestment program through your brokerage.

With these strategies combined, you can put your money to work for you – and spend more time on the things you like with the people you love.

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