



ACT NOW: Double Your Money With Canada's Best Dividend Stock

Description

Firm Capital Mortgage Investment ([TSX:FC](#)) is a [non-bank lender](#) which invests predominantly in short-term residential and commercial real estate mortgage loans and real estate-related debt investments. The company operates as a mortgage investment corporation and has no income tax payable provided that some requirements are met.

Inexpensive valuation

The company has a price-to-earnings ratio of 15.97, price-to-book ratio of 1.25, dividend yield of 6.80%, and market capitalization of \$428 million. Debt is very sparingly used at Firm Capital, as evidenced by a debt-to-equity ratio of just 0.56. The company has excellent performance metrics with an operating margin of 81.39% and a return on equity of 8.15%.

The company's primary investment objective is the preservation of shareholders' equity, while providing shareholders with a [stable stream of dividends](#) from Firm Capital's investments. The company achieves investment objectives by pursuing a strategy of investing in loans in certain real estate markets that are underserved by larger financial institutions.

Diverse portfolio

The company holds an investment portfolio that is widely diversified across many investments and is concentrated in first mortgages. Firm Capital participates in various loan syndicates and reduces exposure to risk. The portfolio is primarily short term in nature. The company's mortgage banker acts as Firm Capital's loan originator, underwriter, servicer, and syndicator. Other corporate affairs are administered by a treasury management division of the company.

Steady income

The company strives to preserve shareholders' equity and provide a return in excess of 400 basis

points above the average yield to maturity on one-year Government of Canada treasury bills. Management is focused on providing shareholders with stable and secure cash dividends from the company's investment portfolio.

Robust investment process

The company's mortgage banker reviews and selects investment opportunities which are then approved by an investment committee. The company has strict investment and operating guidelines which the mortgage banker adheres to. The company also has a credit manager, who is responsible for overseeing investment approval and compliance with the various guidelines. To maintain a stable interest yield on the investment portfolio, the company manages risk through maintenance of a diversified investment portfolio.

Unique asset exposure

The company's investment portfolio is diversified by property and security type. Management ensures that no investment to a single borrower represents more than 15% of the aggregate cost of the company's assets. A significant portion of Firm Capital's mortgage investments are secured by real property located in Ontario, principally in the Toronto. The company receives from the mortgage banker a portion of the commitment fees and discharge fees paid by borrowers.

Bright future outlook

The company's investment portfolio is based on underwriting completed by a mortgage banker. The investment portfolio is sourced and underwritten by the mortgage banker. The company's investment portfolio consisted of 196 investments, including a portfolio investment. Management expects that the aggregate interest yield on the company's investments will be in excess of 400 basis points above the current yield to maturity on one-year Government of Canada treasury bills, which is an excellent rate of return in today's low-rate environment.

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1. Dividend Stocks
2. Investing

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