



2 Less-Than-\$20 TSX Stocks That Pay Dividends of More Than 7%

Description

Canadians can get the best of worlds on the stock market. Search the S&P/TSX Composite Index, and you'll find stocks that trade for less than \$20 per share and have positive year-to-date (YTD) performances. **Bridgemark** ([TSX:BRE](#)) and **Timbercreek Financial** ([TSX:TF](#)) will likely end up as the [top investment choices](#).

More than the low price and positive YTD performance, the real estate services firm and mortgage investment company are generous dividend payers. The [dividend stocks](#) should be attractive to frugal Tax-Free Savings Account (TFSA) investors, too, given their ultra-high yields.

Fantastic dividend yield

You can purchase small-cap stock Bridgemark for only \$16.54 per share. However, the \$156.86 million company from Toronto pays a fantastic 8.04% dividend. A \$6,000 investment in a TFSA will produce \$482.40 in tax-free income. Moreover, any amount you invest in this dividend stock will double in nine years.

Bridgemark generates stable cash flows from the quality services it provides to real estate brokers and their agents across the country. The company derives revenue from franchise fees, variable or fixed, although 73% are generally fixed. Its 19,316-strong franchise network operates under leading brands such as Royal LePage, Via Capitale, and Johnston & Daniel.

The primary selling point of Bridgemark is the stability of revenue streams, although it reported a net loss of \$2.53 million in Q1 2020 (quarter ended March 31, 2021). Management cites increases in management fees, agent count, and tax expenses as reasons for the loss. Nonetheless, total revenue increased 17.78% versus Q1 2020.

Despite the not-so-impressive quarterly results, the stock's YTD performance reflects Canada's red-hot housing market. Bridgemarq investors are up 16.47% thus far in 2021. The trailing one-year pricereturn is 32.96%. One thing going for Bridgemarq is that it's an affiliate of **Brookfield Business Partners**. The business services and industrials company own and operate high-quality businesses.

Market niche

Timbercreek is a steal at \$9.45 per share. Besides the 14.57 YTD gain, the dividend yield is a high 7.14%. Again, this dividend is ideal in a TFSA if you want to earn a higher tax-free income. The \$772.53 million non-bank lender is a niche player in the mortgage industry.

The company is well known for providing shorter-duration structured financing solutions to commercial real estate investors. Furthermore, customers prefer Timbercreek over traditional financial institutions or lending firms, because of more flexible terms and faster turnaround times.

Timbercreek's business strategy is simple and low risk. It lends primarily against income-producing commercial real estate to mitigate risks. The company maintains conservative loan-to-value ratios. Thus, it preserves investor capital. Moreover, loans are generally short term or fewer than five years.

Business in Q1 2021 (quarter ended March 31, 2021) was brisk, as evidenced by the impressive quarterly results. Timbercreek's net income soared 102% to nearly \$15 million versus Q1 2020. Notably, the weighted average interest rate on net mortgages funded was 6.5%.

About \$99.0 million went to funding multi-residential real estate, retirement, and industrial investments. Like banks, Timbercreek maintains an adequate allowance for credit losses in case of credit-related losses on its mortgage and other investments.

Boost your disposable income

Bridgemarq and Timbercreek Financial are excellent choices if you need to [boost your monthly disposable income](#). As mentioned, both dividend stocks are nice to have in a TFSA so that your investment income is tax-free.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BRE (Bridgemarq Real Estate Services Inc.)
2. TSX:TF (Timbercreek Financial Corporation)

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