3 Dividend Stocks Yielding 7% to Buy at a Steal

Description

Every investor might have a different threshold for what they consider a generous dividend stock. Some might be content with a Dividend Aristocrat yielding 4% or more. Others might only consider double-digit yields generous. But yield is not the only metric by which to judge a good dividend deal by. You can go with the more conventional value approach and buy dividend stocks that offer a handsome yield and are trading at an attractive valuation.

And if that's the combination you are looking for (a sizeable yield and amazing value), there are three stocks that you should look into.

A venture capital stock

The junior exchange is curiously short on high-yield stocks, but **Firm Capital Property Trust** (TSXV:FCD.UN) is an exception. The trust with a market capitalization of just $247 million, making it a micro-cap stock, offers quite a sizeable yield. It's currently offering a juicy 7% yield. And when it comes to dividends, it's not just the yield that's impressive in this stock.

The company has been growing its payouts consecutively since at least 2017, and with five consecutive years of dividend increases under its belt, the stock is ready for the title of Dividend Aristocrat. What's even more impressive is the highly stable payout ratio of 25.2%. It's currently trading below its fair value, making it a bargain at its current value.

A commercial real estate lender

Timbercreek Financials (TSX:TF) is another generous dividend stock that's offering a powerful 7% yield right now. The company might not offer as healthy a valuation deal as Firm Capital does, but it offers a bit more "weight." It has a market capitalization of about $798 million and steady financials. The five-year compound annual growth rate (CAGR) of 11.9% is also better than a non-existent capital appreciation potential.

Another reason to consider adding this powerful dividend stock to your portfolio is the nature of its business. It’s a commercial real estate lender, allowing it to fill a gap and cater to a market segment that many conventional lenders ignore. Commercial real estate is also not as unstable as the current housing market is. The only chink in its armor is its high payout ratio.

A capital market company

Market crashes are devasting for investors. But they also offer great opportunities to investors since many great businesses are available at discounted prices. The same principle applies to capital market companies like **Alaris Equity Partners** (TSX:AD.UN).

The company has the capital to invest, and the market, after the devastating aftereffects of the pandemic, is littered with businesses desperately in need of capital to survive. These businesses might offer better returns and terms than they would have at the peak of the pre-pandemic bull market.

This is what I am expecting will fuel the growth of the company and its generous dividends for many years to come. Even now, its mouthwatering 7.1% yield is available at a great value and a stable payout ratio.

Foolish takeaway

The three dividend stocks are not just offering a strong 7% yield (which also looks sustainable for the foreseeable future), but two of them are also undervalued right now. The overall value and return potential the three stocks offer can make them a powerful addition, especially to your Tax-Free Savings Account (TFSA) portfolio, which will ensure that the passive income is tax-free.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:TF (Timbercreek Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. adamothman
2. arosenberg

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2021/10/21
Author
adamothman