3 Dividend Stocks Offering Over 6% Yields

Description

Balancing capital preservation with investment income becomes relatively difficult if you rely solely on growth stocks. They lean more heavily on capital appreciation, but depleting your stake at a measured pace can be challenging, especially if the stocks are volatile. You may have to sell more units to take out the same amount of cash during a dip.

That's what makes generous dividend stock an ideal resource for generating income from investments without depleting your capital. And there are three dividend payers you should look into for a relatively generous yield.

A building materials company

Wood preservation and building materials is a business that thrives during construction booms, but with enough reach, it can be a relatively stable business during modest construction activities as well. That's the rationale behind investing in **Doman Building Materials** ([TSX:DBM](#)), which used to be Canwel. The company is currently offering a juicy 6.1% yield, and though it slashed its payouts by a small margin in 2020, it has restarted the old payouts.

It also issued a special dividend in 2021 that made up for the difference in former and the new slashed dividends. It's a $703 million market cap company with an adequate reach within the North American market. It conducts business in both the U.S. and Canada through a total of seven subsidiaries. And its raw-material sourcing is safe thanks to its ownership of 117,000 acres of private timberland, lending more stability to the business.

A senior living facilities company

Markham-based **Sienna Senior Living** ([TSX:SIA](#)) is one of the largest [senior care companies](#) in the country, even though it only operates in two provinces: Ontario and BC. The company has a portfolio of 70 senior care residences that it owns and operates an additional 13 that it manages for third-party owners. Two-thirds of the portfolio is long-term care, and the rest is retirement homes. The portfolio is

worth about $1.6 billion.

In this type of business, the income/profits are mostly tied to two factors: occupancy and the cost of care of residents. The latter most likely went up during the pandemic.

Sienna's occupancy is quite healthy (92.4% in the last quarter), and since the company managed to grow its adjusted funds from operations by a decent margin, we can assume it's doing well in cost management as well. This makes its payouts healthy and the 6.3% yield sustainable, despite an abnormally high payout ratio.

A mortgage company

The real estate sector as a whole tends to be generous with dividends. That's primarily because of REITs, but even mortgage companies like **Atrium Mortgage** (TSX:AI) offer reasonably high dividends. The current yield is 6.5%, and the payout ratio of 92.7% is in the safe zone, considering the history of this ratio for the company.

Even though it's not as attractively priced as Doman, the company is quite fairly valued, making it a smart buy from a valuation perspective as well. The company has a healthy portfolio of mortgage investments, and even though it's not among the top non-bank mortgage lenders, it does well by offering more flexible mortgage terms and loan structures to its clients.

Foolish takeaway

The three dividend stocks, with their generous yields above 6%, can help you start a $157 a month dividend income with $30,000 invested in the three companies (distributed equally). That's a healthy income, especially if you keep the companies in your TFSA and get tax-free dividends.

CATEGORY

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2. TSX:DBM (Doman Building Materials Group Ltd.)
3. TSX:SIA (Sienna Senior Living Inc.)

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