



Earn \$250/Month Dividends From 2 Non-Bank Stocks Under \$20

Description

Investors in Big Bank stocks will receive [higher dividends](#) in Q1 fiscal 2022. Canada's top six lenders announced dividend hikes in the most recent earnings season. The average hike is 15.5%, although the **Bank of Montreal** (25%) and **National Bank of Canada** (23%) had the most generous percentage increases.

All banks will also do share buybacks with the **Royal Bank of Canada** (\$5.68 billion) and **Toronto Dominion Bank** (\$4.6 billion) due to spend the most. The dividend bonanza in the banking sector is welcome news but even with the hikes, the highest yield won't go over 4.5%. **Bank of Nova Scotia** (4.43%) and **Canadian Imperial Bank of Commerce** (4.05%) will likely pay the highest.

The dividends of the [Big Six](#) banks pale in comparison to the yields of **MCAN Mortgage Corporation** ([TSX:MKP](#)) and **Timbercreek Financial** ([TSX:TF](#)). Besides trading under \$20 per share, this pair of non-bank lenders are dividend beasts.

With the 7.555% average dividend yield, a \$20,000 position in each should generate a combined [passive income](#) of \$3,022 or about \$251.83 every month. For long-term investors, any investment amount will double in 9.5 years.

Reliable income streams

MCAN Mortgage Corporation isn't an anchor holding candidate, but it's not a mediocre stock. Its total return in the last three years is a respectable 58.69% (16.61% CAGR). As of January 31, 2022, the share price is \$17.37, while the dividend yield is 7.87%.

The \$516.58 million mortgage investment corporation (MIC) invests in a diversified portfolio of Canadian mortgages to generate reliable income streams. Its portfolio consists of single family residential, residential construction, non-residential construction, and commercial loans. As an MIC, MCAN can deduct dividend payouts to shareholders from taxable income.

MCAN's 2021 earnings results should be out soon, although net income in the first three quarters grew

132% to \$48.3 million versus the same period in 2020. Its president and CEO, Karen Weaver, said mortgage originations continue to be strong during the very low interest rate environment.

Weaver adds the enhancement of sales & marketing capabilities, services to mortgage brokers, and underwriting efficiency are paying off. The launching of an at-the-market equity program recently is a part of management's capital raising initiatives to expand MCAN's sources of capital.

Perfect second-liner

Timbercreek Financial is an excellent dividend play and a perfect second-liner if a Big Bank stock is your top holding. The share price is only \$9.53 but the dividend yield is a hefty 7.24%. This non-bank lender boasts a very conservative lending policy.

The \$775.72 million mortgage investment company lends against income-producing commercial real estate properties in urban markets, including multi-residential, office, and retail buildings.

Timbercreek's financial solution is well-structured because of the short-term loan duration (not more than five years).

In Q3 2021 (quarter ended September 30, 2021), the weighted average loan-to-value was 69.6%. Moreover, 90.2% and 87.1% of the total portfolio are first mortgages and cash-flowing properties. According to its CEO, Blair Tamblyn, Timbercreek can achieve steady total portfolio growth because of its expanded capital base and financial flexibility.

Ideal back-ups

Canada's banking sector is a bedrock of stability. Any of the Big Six bank stocks can be your anchor stock. MCAN and Timbercreek Financial are cheap options but ideal back-ups if you need to boost dividend income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MKP (MCAN Mortgage Corporation)
2. TSX:TF (Timbercreek Financial Corporation)

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