



## 3 Dividend Beasts With Over 7% Returns

### Description

When you are adding new dividend stocks to your portfolio, yield is usually the first thing you will look into, and it's perfectly logical to do so. If dividends are the only way a stock offers you any returns, it makes sense that you want to maximize your return potential.

But even if you are giving up on the capital-appreciation potential, one characteristic that you *shouldn't* disregard is a [dividend stock's](#) sustainability potential. No matter how high the yield you lock in is, it will be worth nothing if the company decides to suspend its dividends (or half of the company slash the payouts by 50%).

Still, there are many stocks that offer a decent mix of both high yield and dividend sustainability.

### A building materials company

**Doman Building Materials** ([TSX:DBM](#)) is one of the leaders in its industry in Canada and a sizeable player in North America. It caters to different market segments through different subsidiaries and has a healthy product portfolio.

The company is currently trading at a 22% discount from its recent peak, and the valuation is quite attractive as well. But the highlight of the stock is its impressive 7.1% yield. What's even more impressive is that this high yield is backed by a very healthy payout ratio of 39.3%.

The company only slashed its payouts by a small margin in 2020 (\$0.12 from \$0.14 per share), but it made up for it by issuing a special dividend for the difference. And it restored its dividend to the original level at the end of 2021. This indicates relative dividend resilience.

### A CRE financial solutions company

There are many commercial real estate (CRE) businesses have a difficult time getting the right kind of financing for their projects from the big banks. And that's where companies like **Timbercreek Financial**

([TSX:TF](#)) come in. They fill a gap in the conventional mortgage market by offering custom financial solutions (usually short term) to these businesses.

Short-term financing has multiple benefits. The risk is relatively lower, and the company gets its capital back in a matter of years instead of decades, which can be put back into the market.

The Timbercreek stock has been quite stable since its inception, and the only significant growth it has offered so far was during the post-pandemic recovery. However, its 7.3% yield is reason enough to bag this financing company.

## A federally regulated mortgage company

**MCAN Mortgage** ([TSX:MKP](#)) is currently offering the best of three worlds. For value investors, its price-to-earnings multiple of 7.8 would seem quite attractive.

To dividend investors, its massive 8% yield backed by a healthy 56.2% payout ratio would be the most compelling reason to buy. Another endorsement of MCAN as a powerful dividend holding is its dividend increases. The company has raised its payouts three times in the last two years. It also offers sizeable special [cash dividends](#).

The third reason to consider adding MCAN to your portfolio would be its modest capital-appreciation potential. While it's not on par with a decent growth stock, it's enough to keep your capital invested in the company ahead of inflation, which, on top of its heavy yield, can be quite attractive.

## Foolish takeaway

The three [dividend stocks](#) can help you start a sizeable passive income *if* you have enough capital to invest. You can also opt for the DRIP program and grow your stake in all three companies. If they manage to sustain or grow their dividends over the next decade, you may grow your stake in the companies to a massive size.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:MKP (MCAN Mortgage Corporation)
3. TSX:TF (Timbercreek Financial Corporation)

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