



## Dividend Chasers: 3 Stocks With Yields of 8% or More

### Description

Investors use [various strategies](#) to make money in the stock market. Some people focus on growth-oriented companies for hefty windfalls when they reach their potential. Others follow Warren Buffett, whose value investing strategy made him the GOAT of investing. Risk-averse investors would instead diversify and take positions in exchange-traded funds (ETFs).

However, dividend chasers will go after dividend-paying companies 100% of the time. Also, the higher the yield, the better it is for them. If you want to feast on dividends, **Diversified Royalty** ([TSX:DIV](#)), **MCAN Mortgage** ([TSX:MKP](#)), and **Doman Building Materials** ([TSX:DBM](#)) have yields of 8% or more.

### Cheap dividend beast

Diversified Royalty is one of the cheapest dividend beasts you can find on the TSX today. The share price is only \$2.75, but the dividend offer is a flat 8%. Your \$6,000 TFSA annual limit in 2022 can buy nearly 2,182 shares and produce \$480 in tax-free passive income.

This \$341.19 million multi-royalty corporation collect royalties from six royalty partners. It owns the trademarks to Mr. Lube, AIR MILES, Sutton, Mr. Mikes, Nurse Next Door and Oxford Learning Centres. The businesses suffered during the pandemic but are in recovery mode this year.

In Q1 2022, Diversified's adjusted revenue climbed 24.41% to \$10.99 million versus Q1 2021. Notably, net income reached \$6.2 million, or a 51.22% jump from the same quarter last year. Its president and CEO Sean Morrison said, "We are very encouraged with the strong start to 2022."

Mr. Lube, the largest royalty partner, reported robust results, while Oxford Learning's system sales registered its third best month in history in March 2022. Diversified remains stable, despite the market headwinds. It outperforms the TSX year to date at +0.58% versus -4.83%.

### Steady amid changing conditions

MCAN Mortgage remains steady, notwithstanding the changing market conditions, especially in housing markets. Current investors are up 4.56% year to date and enjoys a hefty 8.14% dividend. The \$555.48 million mortgage investment corporation (MIC) generates its income streams from investments in a diversified mortgage portfolio.

Apart from residential, residential construction, non-residential construction, and commercial loans, MCAN also invests in various securities and real estate. In Q1 2022, net corporate mortgage spread income increased \$3.8 million in compared to Q1 2021.

However, its net gain dropped 69.23% year over year to \$1.2 million because of the volatility in REIT prices. Still, MICs like MCAN can deduct dividends from their taxable income.

## Over-the-top yield

Doman pays a higher dividend (8.26%) than Diversified Royalty and MCAN, although at \$6.78 per share, stock is down 11.26% year to date. The \$588.74 million company is a leading distributor of building materials in North America. In Canada, it's the only fully integrated national distributor in the building materials and related products sector.

In Q1 2022, net earnings increased 23.04% to \$42.02 million versus Q1 2021. The quarter's highlight was the 63.7% year-over-year increase in revenue to \$851.3 million. Its chairman of the board, Amar S. Doman, said, "Our top-line results are demonstrative of the continued strength of our business platform in Canada and the U.S."

According to management, inflation, rising interest rates, and price volatility in certain products are the general economic headwinds.

## Watch out for dividend traps

Dividend investors should watch out for dividend traps. Some companies will slash or stop dividend payments if they experience financial hardships.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:DIV (Diversified Royalty Corp.)
3. TSX:MKP (MCAN Mortgage Corporation)

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