



Pad Your Passive Income With 3 Low-Priced, High-Yield Stocks

Description

Canadians can pad their passive income by owning low-priced, high-yield dividend stocks. **Timbercreek Financial** ([TSX:TF](#)), **Doman Building Materials** ([TSX:DBM](#)), and **Diversified Royalty** ([TSX:DIV](#)) are small-cap stocks, yet the average dividend yield is nearly 8.5%.

Moreover, none of the stocks trade above \$10 per share. A combined position of \$30,000 (\$10,000 in each) will generate around \$212.25 in passive income every month. While [large-cap stocks](#) are generally more secure, Timbercreek, Doman, and Diversified have attributes that can mitigate the current market risks.

Rising interest rate is a plus

Timbercreek Financial is a non-bank, commercial real estate lender with a conservative lending policy. The \$684.21 million company provides shorter-duration (not more than five years) and structured financing solutions to commercial real estate professionals.

Its CEO Blair Tamblyn believes the company has a considerable flexibility to react to changing real estate fundamentals in a rising-rate environment. Since Timbercreek's loan terms are short and structured with floating rates, rising interest rate increases should have a positive impact on distributable income.

In Q1 2022, net income dipped slightly (2.13%) to \$13.8 million versus Q1 2021. Tamblyn said, "Overall, it was a good start to 2022 as our team managed a particularly busy period on the funding front." The results reflect improved market activity, an expanded capital base, and strong standing and reputation of Timbercreek in the national market.

At only \$8.13 per share, you can partake of Timbercreek's generous 8.49% dividend yield.

Strong business platform

Doman is a stable performer in the last 3.01 years, rewarding investors with an 80.76% (21.75% CAGR) total return. The corresponding dividend yield at the current share price of \$6.49 is 8.63%. In the last five trading days, it has advanced 7.09%.

The \$577.45 million company is a leading distributor of building materials in North America. In Canada, Doman is the lone fully integrated national distributor in the industry. In Q1 2022, consolidated revenues and net earnings increased 63.7% and 23% versus Q1 2021.

Its board chairman Amar S. Doman said, "Our top-line results are demonstrative of the continued strength of our business platform in Canada and the U.S." The current threats to the business are the general economic headwinds, particularly high inflation. Management also noted the price volatility in certain product categories due to higher interest rates.

If you invest today, Doman trades at \$6.49 per share and pays a lucrative 8.63% dividend.

Cheap and generous

Diversified Royalty is an absurdly cheap (\$2.63 per share) and overly generous income stock (8.36% dividend yield). The \$323.83 million multi-royalty corporation collect royalties from companies in the royalty pool. It owns the trademarks to Mr. Lube, AIR MILES, Sutton, Mr. Mikes, Nurse Next Door, and Oxford Learning Centres.

The six companies experienced business reversals from the coronavirus breakout but are presently returning to pre-pandemic sales levels. Diversified had a good start to 2022, owing to the 28% revenue growth in the first quarter versus Q1 2021. Net income for the quarter reached \$6.2 million, which represents a 51.22% year-over-year increase.

Pad your passive income

Timbercreek, Doman, and Diversified Royalty may not be your typical anchor holdings in a stock portfolio. However, either one is an excellent back-up if you need to pad your passive income to cope better with rising inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:DIV (Diversified Royalty Corp.)
3. TSX:TF (Timbercreek Financial Corporation)

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