



Income Investors: 3 Cheap Dividend Stocks With 7.8% Yields

Description

Income investors or [retirees living off dividends](#) want the highest yield possible. However, not all high-yield stocks are safe investments; some might even be dividend traps.

But if you're on the hunt for cheap [dividend stocks](#) yielding nearly 8%, the safer choices are **Diversified Royalty** ([TSX:DIV](#)), **Chartwell Retirement Residences** ([TSX:CSH.UN](#)), and **Acadian Timber** ([TSX:ADN](#)).

Cheapest cash cow

Diversified Royalty is the cheapest cash cow you can find on the TSX today. Moreover, at only \$3.06 per share, the dividend stock outperforms the broader market year to date at +17.23% versus -9.03%. Current investors can partake in the juicy 7.91% dividend.

The \$432 million multi-royalty corporation derives predictable, growing royalty streams from franchisors. The royalty partners are ongoing business concerns in the following industries: automotive maintenance, supplemental education, home care, casual dining restaurant, real estate services, and customer loyalty programs.

Stratus Building Solutions in the commercial cleaning services is the latest (and seventh) addition to Mr. Lube, Oxford Learning, Nurse Next Door, Oxford Learning, Mr. Mikes, Sutton, and AIR MILES. Most of the royalty partners experienced business reversals during the coronavirus outbreak.

Fast forward to 2022, and the businesses are in recovery mode, if not back to normal operations. After three quarters this year, Diversified's net income increased 31.26% year over year to \$20 million. According to management, the positive trend among the royalty partners is a continuation of the pool's strength in the second quarter (Q2) of 2022.

Full recovery underway

Chartwell trades at a discount (-29.92% year to date), and \$7.86 per share is a good entry point, considering the mouth-watering 7.79% dividend. The \$1.85 billion company is Canada's largest provider of seniors' housing. Its quality retirement residences include independent living (and supportive) apartments and suites, assisted living suites (memory care), and long-term-care (LTC) facilities.

Its chief executive officer (CEO) Vlad Volodarski said, "We continue to focus on occupancy and cash flow recovery." We continue to focus on occupancy and cash flow recovery. Various operational, sales and marketing strategies are in place to support our residences' leadership teams and staff in their efforts to drive faster recovery in 2023 and beyond."

After three quarters in 2022, net income reached \$2.07 million compared to the \$8.6 million net loss from a year ago. Management has its sights on 2025 when Chartwell hopes to achieve the same-property occupancy rate of 95% from 77.6% in 2022.

Steady demand

Acadian Timber is more expensive but the depressed price of \$14.80 (-18.88% year to date) and 7.89% dividend yield are very enticing. The \$254.13 million company owns and manages freehold timberlands in Eastern Canada (New Brunswick) and the northeastern U.S. (Maine).

In the first nine months of 2022, net income increased 11.22% year over year to \$13.5 million, despite lower sales volume.

Its president and CEO Adam Sheparski said, "Acadian generated solid financial results for the third quarter, despite the challenges posed by increasing costs and limited contractor availability." However, Sheparski expects the steady regional demand and pricing for its key products to continue and sustain in fiscal 2023.

No dividend traps

Some companies offering ultra-high yields are dividend traps. However, I don't think Diversified, Chartwell, and Acadian Timber are notorious for dividend cuts. The businesses are stable enough to keep investors whole on dividend payments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ADN (Acadian Timber Corp.)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:DIV (Diversified Royalty Corp.)

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