



\$2,000 Invested in These 3 TSX Stocks Could Make You a Fortune in 10 Years

Description

Different types of stocks can help you make a fortune in time. Cutting to the chase, here are three interesting TSX stocks you can consider.

COVID-19 has whipsawed the stock market, dragging these stocks to more attractive levels for long-term investment.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) stock has fallen the most compared to its banking peers. Year to date, the bank stock has dropped 35%.

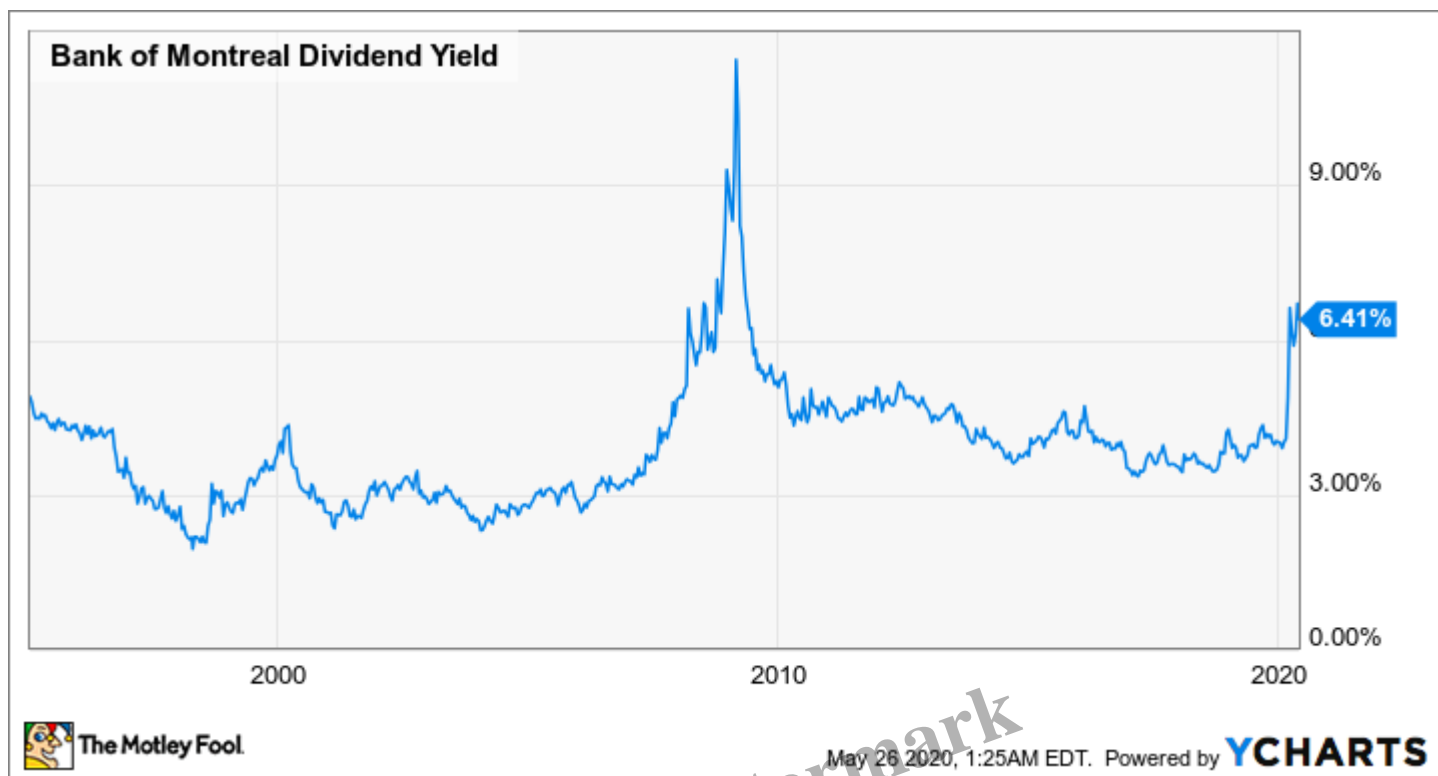


Data by YCharts. Price action of the Big Six Canadian bank stocks year to date.

BMO is the oldest big Canadian bank with more than a 200-year history! It isn't going anywhere.

Last fiscal year, the bank generated \$25 billion in revenue and reported \$5.7 billion in net income while paying out \$2.7 billion of dividends. This resulted in a payout ratio of about 48%.

In the near term, COVID-19 is a drag on the economy. However, BMO's earnings will recover over time. Meanwhile, the stock offers a very rich dividend yield of 6.5%.



BMO Dividend Yield data by YCharts. BMO stock's long-term dividend yield history.

Patient investors get paid a handsome income to wait for the bank stock to recover. From its normalized valuation, BMO stock is trading at a discount of close to 30% at about \$65 per share.

Lightspeed POS

Lightspeed POS (TSX:LSPD) stock spiked after reporting [a stellar quarter](#) with year-over-year revenue growth of 70% to US\$36 million! Its point-of-sale solution appeals to independent retailers, online merchants, and restaurant owners.

In the last 12 months, Lightspeed's gross transaction volume, which is the total sales volume that transacted through its platform, was more than \$22 billion.

Lightspeed's full-year revenue growth of 56% to US\$120 million was also very good amid the coronavirus pandemic in which many retailers saw huge cuts in their revenues or were even forced to close their businesses.

Subsequent quarterly reports will reflect the impact of COVID-19, though.

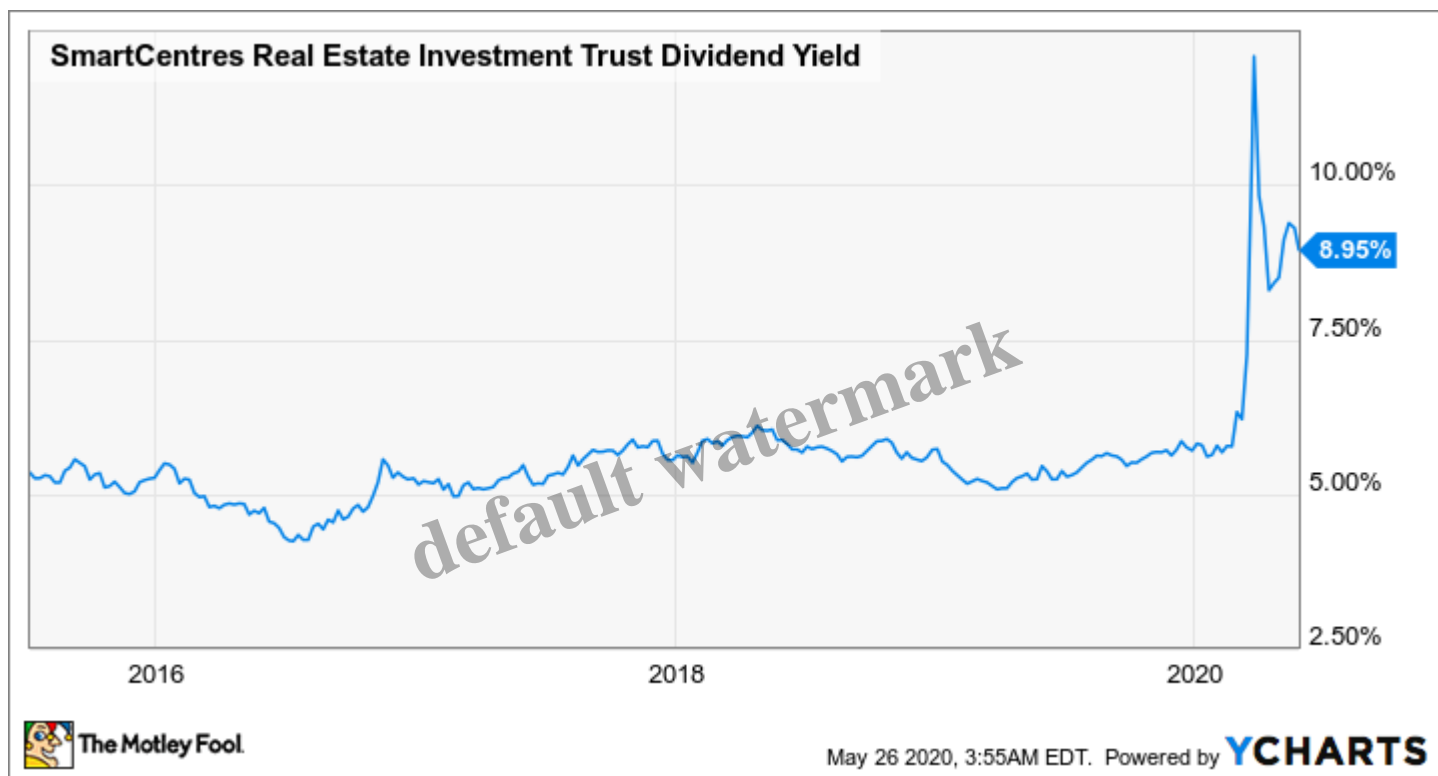
For example, at the end of April, Lightspeed had about 75,500 customers, a decline of approximately 1,000 customers from a month before.

Particularly, COVID-19 hit its retail and hospitality customers hard, affecting their gross transaction volume and increasing the churn rates in Lightspeed's services.

Depending on how the re-opening of the economy develops and the severity of the second wave of COVID-19 across the globe, Lightspeed stock could experience another meaningful drop this year. That would be a buy the dip opportunity in the [high-growth](#) stock.

SmartCentres REIT

SmartCentres REIT ([TSX:SRU.UN](#)) is beaten up just like BMO. The real estate stock is down almost 35% year to date. Consequently, its yield has been elevated to 9%.



SRU.UN Dividend Yield data by YCharts.

The stock has gotten so cheap that in March, management suspended the dividend-reinvestment plan.

During the COVID-19 period, SmartCentres has 60% of tenants that offer essential services and remain open. And it generates more than half of its rent from creditworthy, essential service tenants, such as **Walmart**, **Lowe's**, **Dollarama**, **Royal Bank**, and **Telus**.

Investors should note that SmartCentres generates 25% of its revenues from defensive Walmart and tends to have an occupancy rate of 98%, which is top ranked in the retail REIT industry.

In the worst-case scenario, it would cut its cash distribution by about half, leading to an effective yield of about 4.5%, which would still not be that bad, seeing as it's expected to be temporary.

Moreover, we are seeing light at the end of the tunnel, as the governments begin phased opening in Canada. The concern, of course, is the likely scenario of a second wave of COVID-19, which can cause another selloff in the quality REIT.

Keep in mind also that SmartCentres's line up of development projects, including office towers, condos, apartments, and self-storage assets, should improve the quality and stability of its cash flow in the future.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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