Only Have $500 to Invest? Buy These 2 TSX Stocks

Description

Many Canadians have been hit hard by the economic crisis that has been spurred by the COVID-19 pandemic. Unfortunately, some investors chose to flee from the market when it was battered by turbulence in the late winter and early fall. The Canadian stock market, and even the housing market, has demonstrated how important it is to stay in the game. For those with less than $1,000 to spend in the stock market, I want to look at two **TSX** stocks that are worth snatching up in late October. Let's dive in.

Why Royal Bank is a perfectly balanced TSX stock

Some investors reach for the snooze button when it comes to Canadian bank stocks. These profit machines offer solid growth and income. For those on the hunt for explosive growth or huge dividends, bank stocks may not shine in the way they desire. However, these TSX stocks offer great balance that can churn out positive returns in your portfolio for the long term.

Royal Bank (TSX:RY)(NYSE:RY) is the largest financial institution in Canada, and one of the largest in the world. Its shares have dropped 2.1% in 2020 as of close on October 23. Top banks have warned that economic turbulence in late 2020 and early 2021 could weigh on earnings. In late September, I'd discussed whether Canadians should jump on Royal Bank stock.

Investors can expect to see Royal Bank's final round of earnings in early December. In Q3 2020, Royal Bank saw net income drop 2% year-over-year to $3.2 billion while diluted earnings per share fell 1% to $2.20. In the year-to-date period, net income and diluted EPS have dropped 15%.

This TSX stock last possessed a price-to-earnings ratio of 12 and a price-to-book value of 1.7. That puts the stock in solid value territory. Meanwhile, it offers a quarterly dividend of $1.08 per share, representing a 4.5% yield.

One energy monster that delivers big dividends

Enbridge (TSX:ENB)(NYSE:ENB) is the largest energy infrastructure company in North America. This TSX stock has fallen 21% so far this year. Its shares are down 13% year over year. In May, I'd suggested that Enbridge looked like a steal for investors.

The company received a favourable ruling from Minnesota pollution regulators on its plan to replace the 337-mile segment of its Line 3 crude oil pipeline. This was another piece of good news in a long battle that Enbridge has fought over the Line 3 replacement. It still boasts a massive project pipeline in the years ahead.

Investors can expect to see Enbridge's third quarter 2020 results on November 6. It delivered a strong Q2 2020 when GAAP earnings rose to $1.64 billion or $0.82 per share compared to $1.73 billion or $0.86 per share in the prior year. Distributable Cash Flow (DCF) rose to $2.43 billion – up from $2.31 billion in Q2 2019. The company projects that it will be able to deliver 5 to 7% annual DCF per share growth through 2022.

This TSX stock last had a favourable P/B value of 1.3. Best of all, Enbridge offers a quarterly dividend of $0.81 per share. That represents a monster 8.5% yield.

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)
4. TSX:RY (Royal Bank of Canada)

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