Got $2,000? Consider Buying These 2 High-Yield Dividend Stocks

Description

COVID-19 caused the market selloff in March 2020. Many stocks on the **Toronto Stock Exchange** (TSX) suffered significant drops. Some investors chose to stay away while others remained because it's also an opportunity to make money while prices are down.

Frugal investors can also take advantage. If you have $2,000, you can use it to buy high-yield stocks. Among the affordable but profitable choices are **Plaza Retail** (TSX:PLZ.UN) and **Rogers Sugar** (TSX:RSI). The average dividend yield is a hefty 7.7%. Your idle cash in the bank will not pay that much.

Recovering REIT

Plaza Retail is a $372.5 million real estate investment trust (REIT) that owns a diversified portfolio of retail properties. The retail space remains in bad shape since coronavirus hit. Many landlords lost revenue due to lease buyouts and rent deferrals or abatements. The Canada Emergency Commercial Rent Assistance (CECRA) program had an impact too.

This REIT, however, is starting to recover. Gross rent collected from tenants rose to 94.8% in Q3 2020 (quarter ended September 30, 2020) from 81.9% in Q2 2020. Plaza Retail's properties are mostly in Ontario, Quebec, and Atlantic. The good news so far is that 99% of the portfolio is now open, with some restaurants offering takeout and delivery only.

As of November 16, 2020, the share price is $3.64, while the dividend yield is 7.95%. Plaza Retail is underperforming and still down by 15% year to date. Management admits certain aspects of operations could be affected depending on the pandemic's length and full impact. While the yield is attractive, be mindful of the risks.

Innovative technology

Rogers Sugar is more resilient than Plaza Retail in the wake of the pandemic. It's also performing better on the stock market with its 5.76% year-to-date gain. This consumer-defensive stock trades at

$4.92 per share and pays a lucrative 7.45% dividend.

While sugar is a consumer staple, it's a slow-growth business. The $509.4 million company operates in a duopoly and regulated industry, so the business should endure and outlast COVID-19. Dividend investors won't worry about the payouts because they are safe and sustainable.

An exciting development this year is Rogers Sugar's foray into sugar reduction technology. The company is collaborating with Israel-based food-tech firm DouxMatok to sell the latter's technology to companies in North America.

Rogers and DouxMatok have been working together for the past couple of years on reducing sugar content in well-loved products (cakes, chocolate, cookies, cakes) while retaining the same taste. Both have reached out to food companies on new products and sought assistance to reformulate existing products with less sugar but more fibre and protein.

The exclusive cane sugar manufacturing agreement with DouxMatok bodes well for Rogers Sugars. Both parties hope the innovative technology and return to natural cane sugar can successfully reduce sugar in baked goods by 30% to 50%. This **TSX** stock could become a compelling investment if it can champion the cause against rising obesity.

Earn extra with minimal investment

You don't need substantial capital to buy and make money from dividend stocks. Even a minimal investment will do. Earning extra, regardless of amount, is helpful these days. The key is to pick a pair of high-yielders.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PLZ.UN (Plaza Retail REIT)
2. TSX:RSI (Rogers Sugar Inc.)

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cliew