Got $500? Lock in Over 7% Dividend Yield With These 2 Stocks Under $50

**Description**

What can you get in $500? Around $37 in passive income annually. You don't need thousands of dollars to start investing in the stock market. And if the risk is something you are not willing to take, there is a way you can keep your risk to the minimum and even beat market and inflation. All you need is the right dividend stock.



## How *not* to lose money in the stock market

In March 2020, the stock market crashed and just next month even headed to recovery. Now the market has returned to pre-pandemic growth. But there are still many stocks that haven't recovered to their pre-pandemic level because the economy has not recovered. These are mostly dividend stocks that enjoy stable cash flows and are highly exposed to macroeconomic factors. Their stock price took a plunge as the pandemic-induced lockdown altered the business from physical to online.

Some stocks have passed the test of time and maintained their dividend per share while many others stopped or reduced dividend payments.

Two things can happen in 2021. Either the stock market will continue to rally as the economy recovers, or it will fall as the stock market bubble bursts. In both scenarios, two stocks will keep your money safe. Here's how.

## Enbridge stock

**Enbridge** (TSX:ENB)(NYSE:ENB) has all traits of a high-quality dividend stock. It has a resilient business model, predictable cash flows, diversified revenue streams, market leadership, and a history of paying regular and incremental dividends. It has the largest pipeline infrastructure in North America and earns 99% of its revenue from long-term contracts. Being in the energy infrastructure business for over 60 years, it has adopted the changes in the energy sector and increased its exposure to natural gas and renewable energy.

Enbridge now has 41 different revenue streams, which helped it increase the dividend per share by 3% even during the pandemic. The company took a hit as oil demand suddenly plunged, reducing its revenue from oil transmission. That is why its stock is trading at a 28% discount from its pre-pandemic level. As oil demand recovers, so will its revenue, and the company will return to increasing its dividend per share by 8-10% every year.

Enbridge has withstood all economic crises since 2000. It has increased its dividend at a compounded annual rate of 10% in the last 26 years. When the stock market falls, its dividend yield rises. At present, Enbridge's dividend yield is 7.77%, which you can lock in for a lifetime.

## How much can you earn from Enbridge?

If you invest $250 in Enbridge through your Tax-Free Savings Account (TFSA) now, you will earn over $19 in annual dividend. If the company continues to grow its dividend per share by 8%, you will earn $281 in total dividend by 2030. Moreover, the stock will surge 25% in a year or two as it returns to its pre-pandemic level. Your $250 will convert to $600 in 10 years.

## SmartCentres REIT



**SmartCentres REIT** (TSX:SRU.UN) is another stock that pays dividends from the rental income it earns. The real estate sector is sensitive to an economic crisis as consumer spending reduces. But the pandemic was a macro plus a sector challenge as the lockdown closed all non-essential retail stores. Being Canada's largest retail REIT, its rent collection took a hit.

Many REITs cut dividends except SmartCentres. Now, you can't rule out the possibility of the REIT cutting dividends. But for that risk, it is giving a 7% dividend yield. Unlike Enbridge, SmartCentres has not increased its dividends regularly. But it has been paying regular dividends for over five years.

The REIT is trading at an 18% discount from its pre-pandemic level. While its returns are not as lucrative as that of Enbridge, it is a good option to diversify your portfolio and mitigate risk. A $250 amount in SmartCentres will convert into $175 in dividend income in 10 years and $45 in capital appreciation.

## Investor takeaway

Both Enbridge and SmartCentres will give you $37 in dividend income. In 10 years, your money will more than double.

**CATEGORY**

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

**TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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