3 of the Best Stocks to Invest $1,000 in Today

Description

Are oil and sugar a good mixture? For high-yield seekers with only $1,000 to invest today, an energy stock and a consumer staple stock is the perfect combination in a portfolio basket.

Pembina Pipeline (TSX:PPL)(NYSE:PBA) and **Rogers Sugar** (TSX:RSI) are dividend beasts. This pair of income stocks pay an average 6.55% dividend. If you're a long-term investor, any amount you invest will double in 10.9 years. In your Tax-Free Savings Account (TFSA), all dividend earnings are tax-free.

Juicy dividend

Pembina Pipeline is a perennial choice of dividend investors, despite the volatile nature of the energy industry. Besides the juicy dividend yield, the payout of this energy stock is monthly. Only a select few pay dividends every month. This $20.49 billion company has a dividend track record of over 20 years. In the last 10 years, dividends grew by an average of 4% annually.

The main selling point of Pembina is its highly contracted and integrated energy assets. Because cash flows are fee-based, the internally generated funds are predictable and consistent year in and year out. As of March 19, 2021, Pembina investors are winning by 25% year to date.

In general, the energy sector is steadily rebounding from its slump in 2020 and outperforming the broader market in the first quarter of 2021. Energy demand is rising, while oil prices are increasing. Pembina's total return for the last two decades is 641.37% (10.52% CAGR) for added info.

Low growth but a high yield

Sugar isn't a high-growth business, although Rogers Sugar is as dependable as Pembina Pipeline regarding dividend payments. For comparison, this consumer staple stock's total return in the last 20 years is 663.67% (10.69% CAGR). You don't see wild price fluctuations, but it hovers between $5 and $6.

Most dividend investors don't have Rogers Sugar as their anchor stock or core holding. But if you want to sweeten the pot or the budget is tight, the stock won't disappoint. The key takeaway is that the business model is enduring. This $588.09 million company also operates in a duopoly, so there's hardly a competition.

In fiscal 2020, Rogers Sugar generated higher revenue, improved margins, and increased free cash flow. For Q4 fiscal 2020, the sugar revenues were higher due to record-breaking sales. Meanwhile, the higher-profit margin maple registered substantial sales volume for the quarter and the entire year.

Bond-like features

If you don't find Pembina and Rogers Sugar to your liking, **Capital Power** (TSX:CPX) is an equally attractive income stock. The $3.83 billion independent power producer pays a 5.72% dividend. Utility stocks have bond-like features, so you can add stability to your portfolio.

Capital Power owns and operates power-generation facilities in North America. Since power-generating assets are generally low risk, you can expect stable cash flows regardless of economic cycles. Because of the business's nature, management has been increasing dividends by 7% (annual rate) since 2014. The plan is to grow the yield by 5% next year.

You only need to look at three competitive advantages to purchasing Capital Power: low-risk business model, power-producing assets that generate predictable cash flows from power-producing assets, and long-term agreements. The dividend payouts should last for years.

Three-pronged option

Pembina Pipeline and Rogers Sugar are dividend beasts for yield seekers. However, you have the option to invest your $1,000 in Capital Power, a pure dividend play with bond-like features.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)

2. TSX:CPX (Capital Power Corporation)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RSI (Rogers Sugar Inc.)

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