Got $20 in Cash? Here Are 2 TSX Stocks to Buy

Description

Beginners can invest in the stock market, even with teeny-weeny seed capital. It might sound amusing that a $20 cash can buy you a pair of decent dividend stocks today. The shares of a multi-royalty company and a petroleum and natural gas producer are insanely low, but both stocks pay monster dividends.

Diversified Royalty (TSX:DIV) and **Canacol Energy** (TSX:CNE) are the best options if you need to test the water with your $20. If the tiny investment pays off, you can decide to increase your holdings later on for outsized gains.

Top-line royalties only

Diversified Royalty acquires top-line royalties in North America. This $334.27 million corporation targets predictable, growing royalty streams from a diverse group of well-managed, multi-location businesses and franchisors. Currently, it has six royalty partners in different industries. Likewise, the geographic exposure is dissimilar.

The multi-royalty company has been operating for almost three decades. AIR MILES, Mr.Lube, Mr. Mikes, Nurse Next Door, Oxford Learning Centres, and Sutton are the royalty partners. Diversified could still increase its cash flows via more accretive royalty purchases and growth of the acquisitions.

Despite the raging pandemic, the financial results in Q1 2021 (quarter ended March 31, 2021) were surprising. The royalty income and management fees increased by 5% versus Q1 2020. Notably, Diversified posted a net income of $4.13 million compared to the $11.7 net loss from a year ago.

Sean Morrison, Diversified's president and CEO, is pretty optimistic about the meaningful recoveries of the royalty partners due to the ongoing vaccinations. Once the government relaxes restrictions and the economy stabilizes, business operations should return to normal.

Transition to clean energy

Canacol Energy trades at only $3.49 per share, although market analysts project a potential gain of 72% to $5.99 in the next 12 months. Remember, the energy sector is the best performer on the TSX in 2021. If you invest now, the dividend yield is a lucrative 5.98%.

The $618.64 million company plays a critical role in the global transition to clean energy. Canacol is based in Calgary, but it's the largest independent onshore conventional natural gas exploration and production company in Colombia. It supplies nearly 20% of the country's natural gas needs.

In Q1 2021 (quarter ended March 31, 2021), the unaudited financial results showed a net loss of US$3.06 million versus the US$25.98 million net loss in Q1 2020. Its president and CEO Charle Gamba said, "Canacol's natural gas sales have proven resilient, even amidst the severe COVID-19 crisis in Colombia and the outlook remains bright for when things normalize."

For the second half of 2021, management aims to drill 12 exploration, appraisal, and development wells in a continuous program. Furthermore, Canacol expects its exploration programs to deliver significant transfer of resources into reserves over the next 10 years. The goal is achievable, given the more than 188 prospects and leads identified for drilling.

Fantastic rewards

Investing $20 ($10 each) in Dividend Royalty and Canacol Energy is no joke. While the share prices are absurdly low at $2.72 and $3.45, the dividend yields are 7.84% and 5.98%. The capital isn't much, but the rewards should be fantastic for novice investors. Also, you can buy more shares if the businesses flourish in the recovery phase.

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