Got $700 to Spend? Top 2 TSX Stocks to Buy

Description

The COVID-19 pandemic did impact the stock market in 2020, that some companies slashed or stopped dividend payments. However, the **TSX** has shown resiliency and had an explosive start in 2021. Dividend investors are also fortunate because other stocks continue to pay higher-than-average yields.

With limited resources or extra funds to spend, say $700, Canadians can still earn hefty investment income. The **True North Commercial** (TSX:TNT.UN) and **Rogers Sugar** (TSX:RSI) pay an average dividend of 7.15%. You can split the money between the two dividend payers to earn recurring income streams or increase your savings.

High-quality tenant base

One share of True North Commercial will cost you just $7.40, but the dividend yield is 8.03%. The $646.02 million real estate investment trust (REIT) is an excellent pick if you want to be a mock landlord. This REIT isn't the largest in the sector, although its high-quality tenant base should give you the confidence to invest.

True North's portfolio consists of only 47 commercial properties in five key markets in Canada. However, the REIT generates 75% of revenues from the government (35%) and credit-rated (40%) tenants. The anchor tenant in 12, or 25% of the entire portfolio is the federal government of Canada.

The other prominent tenants include the provincial governments of Alberta, British Columbia, New Brunswick, and Ontario. As of Q1 2021 (quarter ended March 31, 2021), the REIT enjoys a 97% occupancy rate, while the weighted average lease term is 4.7 years. The total revenue and net operating income (NOI) slightly declined versus Q1 2020.

Still, management remains confident that True North can maintain stability through the pandemic environment. The only thing to watch for is the occupancy level. True North's source of liquidity is the cash flow from operating activities. The REIT uses the cash to service debt, capital improvements, and fund distributions.

Positive business outlook

Sugar is a low-growth endeavour, yet one of the more stable businesses around. Rogers Sugar did have a challenging 2020 but managed to remain one of the cash cows to dividend investors. At $5.73 per share, the $593.26 million sugar and maple producer pays a lucrative 6.28% dividend.

In the first half of fiscal 2021 (six months ended April 3, 2021), the business perked up, evidenced by the 7.7% and 45% increase in revenue and net earnings versus Q2 fiscal 2020. Similarly, sugar and maple volumes increased by 2.9% and 13.3%, respectively. Between the two products, maple has a higher profit margin.

Management remains fairly optimistic that Rogers Sugar's financial performance in fiscal 2021 will far exceed fiscal 2020. They expect volume from the sugar and maple segments to increase further, notwithstanding market uncertainty and additional COVID-related costs.

Achieve your financial goals

Think about your financial goals this year. Do you need an emergency fund, grow wealth, or save for retirement? Get started through dividend investing. The investment strategy doesn't require substantial capital. You can start small then accumulate more shares as you go along.

True North and Rogers Sugar didn't reduce their dividend yields despite the economic downturn. The REIT boasts a high-profile tenant base, while sugar is a consumer staple, so the business is stable, if not enduring. Your financial goals are achievable because your limited capital can generate passive income or compound over time if you keep reinvesting the dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RSI (Rogers Sugar Inc.)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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