Got $10? Here Are 2 Stocks You Can Buy

Description

Do you have the investment appetite but have limited funds to invest? If so, don't feel discouraged, because you can still make money out of a $10 investment. There are dirt-cheap dividend stocks available amid the TSX's 2021 bull run.

Diversified Royalty (TSX:DIV) and **Canacol Energy** (TSX:CNE) are two lesser-known stocks that catch the fancy of yield-hungry investors. These dividend stocks pay an average 6.95% dividend. Split your capital evenly between the two and see your money create passive income.

Meaningful recovery underway

If you're familiar with AIR MILES, Mr. Lube, Mr. Mikes, Nurse Next Door, Oxford Learning Centres, and Sutton, you may know that Diversified Royalty owns these companies' trademarks. The six names are the royalty partners of this $351.29 million multi-royalty corporation.

The royalty stock attracts income investors because of its over-the-top 7.22% dividend. At this yield, any investment amount will double in 9.97 years. You should find the $2.91 share price appealing. Moreover, the royalty stock isn't your mediocre performer, given its 27.55% year-to-date gain. Diversified also outperforms the broader market.

Diversified's royalty partners appear to be over the hump following the significant interruptions to their businesses due to the global pandemic. Management reported a net income of $4.13 million in Q1 2021 versus the $11.73 net loss in Q1 2020.

Its president and CEO Sean Morrison said, "The combination of positive trends in our royalty partners and our recent incremental royalty purchases from Mr. Lube have resulted in the firm's distributable cash." Morrison hopes a meaningful recovery is on the horizon for its royalty partners. Mr. Lube is Diversified's largest partner.

Market analysts recommend a strong buy rating for the royalty stock. The price could climb between 14.78% (average) and 51.2% (maximum).

Returning to normal operations

Canacol Energy, a $550.36 million natural gas exploration and production company, is an excellent dividend play. At only $3.11 per share, the energy stock pays a fantastic 6.69% dividend. The overall return could be higher as analysts foresee a 74.99% return potential in the next 12 months.

Most energy companies are on a roll this year due to increasing oil demand. In the first half of 2021 (six months ended June 30, 2021), Canacol's net loss reduced 92% to US$638,000 from US$8.2 million net loss during the same period in 2020.

The bright spots in Q2 2021 are the 13% and 15% increases in realized contractual natural gas sales volumes and average natural gas production volumes compared to Q2 2020. At the quarter's end, Canacol had US$34.8 million in cash and cash equivalents plus US$44.7 million in working capital surplus.

Canacol is a Calgary-based, but its exploration and production operations are in Colombia. For the rest of 2021, management targets a dozen exploration, appraisal, and development wells. The company will construct a new natural gas pipeline that should increase its natural gas sales by 2024. Note that despite the headwinds, Canacol did not slash dividends.

Higher overall returns

Dividend investing is the effortless way to make your money make more money. You don't need to dent your budget to own shares of Diversified Royalty and Canacol Energy. The return potentials and generous dividends should translate to higher overall returns. Be a passive investor now, even with $10 in initial capital.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. TSX:CNE (Canacol Energy Ltd)
2. TSX:DIV (Diversified Royalty Corp.)

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cliew