Got $500? Buy These 2 Stocks With Generous Dividends

Description

The household saving rate in the second quarter of 2021 increased to 14.2% from 13.1% in the first quarter. It seems the money mindset of Canadians has changed. People have become conscious spenders due to the pandemic-induced recession. Like most, are you a saver now instead of an impulse buyer?

Those with extra or free cash would rather invest $500 in dividend stocks than spend it on non-essentials. The small capital can make more money from shares of **Rogers Suga**r (TSX:RSI) and **Diversified Royalty** (TSX:DIV). Both companies pay generous dividends, but the stocks trade at absurdly cheap prices.

With an average share price and yield of $4.18 and 6.955%, your $500 will generate $34.78. An investment 10 times more will produce $347.80 in passive income. Take advantage of this earning opportunity to help you work on your savings goals. Start small, then accumulate more shares for bigger rewards in the future.

Vital to the economy

Besides sugar refining and sugar beet processing, Rogers Sugar also owns value-added blending and packaging facilities to produce several sugar-containing food products. The $572.35 million company operates in a duopoly in that competition is hardly a factor. Moreover, sugar is a consumer staple, so the business is enduring.

According to the Canadian Sugar Institute, cane and sugar beet refining is a vibrant and efficient industry. The entire industry produces roughly 1.3 million tonnes of refined sugar annually, with shipments worth $1 billion. Rogers Sugar contributes immensely to the economy and maintains a competitive position internationally.

After three quarters in fiscal 2021 (nine months ended July 3, 2021), revenue and net earnings increased 5.88% and 39.7% versus the same period in fiscal 2020. The improved financial performance indicates the business is returning to normal. Meanwhile, the stock displays resiliency. At

$5.52 per share, the dividend offer is 6.52%.

John Holliday, president and CEO of Rogers and Lantic, said about the Q3 fiscal 2021 results, “Our operational flexibility allowed us to meet the higher volume demand in some segments while managing the impact of volume reduction in others.”

Recovering royalty partners

Diversified Royalty is a cheap but excellent dividend play. At only $2.84 per share, the $345.21 million multi-royalty corporation pays a lucrative 7.39% dividend. Likewise, its six royalty partners seem to have recovered from the pandemic’s fallout.

In Q2 2021 (quarter ended June 30, 2021), revenue increased 45.8% to $9.2 million versus Q2 2020. For the first half of the year, revenue growth was 23.8% compared to the same period last year. Management also increased the annual dividend by 5%. Mr. Lube, in particular, contributed incremental revenue with the addition of 13 new locations.

Another royalty partner, Sutton, experienced strong recovery due to the red-hot real estate market. As a result, Diversified Royalty collected 100% of fixed royalty and managements fees. Its president and CEO Sean Morrison is confident the royalty partners are well positioned to continue their respective recoveries, given the positive trends.

Allow your extra cash to earn

Instead of satisfying your wants and throw $500 out the window, allow the money to earn. Rogers Sugar and Diversified Royalty are great buying opportunities if you have extra cash today. For long-term investors, any amount you invest will double in fewer than 10-and-a-half years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIV (Diversified Royalty Corp.)
2. TSX:RSI (Rogers Sugar Inc.)

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