



2 Dividend Stocks With Tremendous Yields

Description

Dividend investors will chase after [high-yield stocks](#) most of the time. Others won't even assess the viability of the business just to partake of the generous payouts. On the TSX, **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)) and **True North Commercial** ([TSX:TNT.UN](#)) are attractive prospects because of their generous dividends.

Given the average yield of 8.285%, any investment amount will double in fewer than nine years (8.7 years). If your goal is to [boost disposable income](#), a \$15,000 position in each will produce \$207.13 every month. However, it would be best to understand the inherent risks and threats to the businesses before investing.

Essential service in a niche industry

Chemtrade is a niche player in the specialty chemicals industry but is currently experiencing strain due to the fallout from the pandemic. The \$754.1 million company is a leading provider of industrial chemicals and services globally. It's also among the largest suppliers of sulfuric acid and inorganic coagulants for water treatment in North America.

In the first half of 2021, Chemtrade reported a net loss of \$34.5 million — a 63% improvement from the same period in 2020. Total revenue declined by 9% year over year. Management attributes the decline to lower sales volume and lower selling prices of their products in all three business segments. A stronger Canadian dollar also has a negative impact.

The company enjoys significant market shares in niche specialty chemicals. A diversified product portfolio and large geographic footprint are the company's strengths and mitigate commodity risks. Chemtrade grew to what it is today and is more resilient due to several acquisitions and successful integrations in the past.

Chemtrade uses cash flows of its Sulphur Products & Performance Chemicals (SPPC), Water Solutions & Specialty Chemicals (WSSC), and Electro-chemicals (EC) segments to fund operations and expenses. Management said it has sufficient liquidity to meet its obligations and overcome the

temporary financial strain.

Besides the significant market share in the specialty chemicals space, Chemtrade's business is an essential service. Thus, financial results should improve once the pandemic is contained and there's no unplanned downtime in its principal manufacturing facilities. At \$7.28 per share, the dividend yield is a juicy 8.38%.

Dividend stability

True North Commercial should be more stable than Chemtrade due to its portfolio of office properties. The high-quality tenants and stable contractual cash flow are the aces of this \$635.35 million real estate investment trust (REIT). It's not the largest landlord in Canada, but the tenants in 76% of the leased office properties are credit-rated lessees, four provincial governments, and the federal government,

Hence, it presents a buying opportunity for risk-averse investors looking for [dividend stability](#). At the close of Q2 2021, the weighted average remaining lease term and occupancy rate is 4.7 years and 97%. The federal government of Canada and the province of British Columbia have 6.3 years left in their lease contracts with True North. True North is a steal at \$7.25 per share and an 8.19% dividend.

Financial cushion

Investors' confidence in Chemtrade remains high, despite the current strain on the business. The industrial stock is up 33.09% year to date and has an 18.72% upside potential based on analysts' forecasts. True North Commercial is steady as usual, with its 31.46% gain thus far this year. Yield-hungry investors have two excellent sources that can provide more financial cushion in Q4 2021 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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