



## 2 Canadian Dividend Stocks Under \$10

### Description

Dividend stocks are those that make some payment to their investors at regular intervals. You can look at it as though it's a loyalty bonus for staying invested. As these stocks make dividend payments, their stock prices fall by the dividend amount after every payment. Hence, dividend stocks generally have a lower share price than growth stocks.

Most dividend stocks are market leaders and enjoy the regular cash flow. You won't see a loss-making company paying dividends. Hence, they are considered to be safer than other [growth stocks](#). But there are some small-cap dividend stocks trading under \$10. The problem with small caps is that they hold high risk. These are companies that compete with market leaders.

### Dividend stocks under \$10

Small caps have the potential to become mid- and large-cap companies, which makes them attractive. But they also hold the risk of going out of business in a major crisis. Hence, these stocks trade below \$10. Here are two small-cap stocks that have been paying regular dividends but also hold risk:

- **True North Commercial REIT** ([TSX:TNT.UN](#)): 9%
- **Crescent Point Energy** (TSX:CPG)(NYSE:CPG): 3.58%

### True North Commercial REIT

It is a pure-play commercial REIT with 46 properties in five Canadian provinces. It is a relatively small portfolio for a REIT, but True North is growing gradually. It has a tenant base of government offices and high credit-ranking companies that secures its rental income. Hence, the REIT did not reduce its distributions during the pandemic when most commercial REITs cut their distributions.

True North has been paying regular monthly [distributions](#) since 2013 and currently has a distribution yield of 9%. The stock may not give you capital appreciation, but a 9% yield makes up for that. The REIT has its risk, as the portfolio is concentrated on commercial property. However, it has a diverse

tenant base that mitigates some risks.

True North may slash distribution if the recession is severe and several smaller tenants vacate their offices. That could hamper its occupancy rate. The government tenants could mitigate the blow for True North and keep distributions flowing, but at a reduced rate.

The stock has high risk, but also high potential, making it a good fit for a high-risk portfolio.

## Crescent Point Energy stock

Another high-risk dividend stock is Crescent Point Energy. It has been paying regular dividends since 2003. But it changed the frequency from monthly to quarterly and even reduced dividend by 67% in 2019. The company has slashed dividends twice in 2015 and 2016, too.

After the 2014 oil crisis reduced oil price from over US\$100 a barrel to around US\$60 a barrel, Crescent Point struggled to keep up with its old distribution schedule. This is because it has a high production cost that impacts its profits and puts it at a disadvantage. That makes it a high-risk stock.

But Crescent Point has been improving its production cost and was one of the beneficiaries of the 2022 oil crisis. It is passing this benefit to shareholders by increasing dividends in the last four quarters. If you are bullish on oil stocks, Crescent Point is a cheap stock to get exposure to the oil crisis. But note that the company's extraordinary profits won't last after oil prices normalize. That is the time Crescent Point might make another dividend cut. Until then, you can enjoy a 3.58% dividend yield.

## Risks of investing in dividend stocks under \$10

Stocks under \$10 come with several uncertainties. Even if their balance sheet and revenue are strong, they are vulnerable to competition and industrial factors. So, if you buy stocks below \$10, keep the percentage to a minimum. Invest a higher portion in quality stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)
3. TSX:VRN (Veren Inc.)

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