2 of the Best TSX Stocks to Invest $1,000 in Right Now

Description

With the stock market showing signs of life, the **S&P/TSX Composite Index** is up by 4.72% month over month at writing. You can see the uptick in the Canadian benchmark index as an indication of better performance across the stock in the coming months. It can also be just a small upward movement before more volatility leads to more bear market movements.

If you have $1,000 to invest right now and you're unsure how to allocate it, taking a balanced approach might pay off. Dividend investing is an excellent way to put your capital to use to make more money.

Dividend-paying stocks distribute a share of the company's profits to investors, providing them with returns even when share prices fall. However, it is necessary to be careful with how much you allocate to such income-generating assets due to the risks involved.

High-yielding dividend stocks can be excellent assets, provided they can sustain payouts with cash flows that can comfortably fund distributing a share of company profits. Dividend stocks that don't offer high-yielding payouts might not seem attractive, but they appear safer in the returns they offer.

Today, I will discuss two dividend stocks you can consider adding to your portfolio — one entailing more risk than the other.

Fortis

Fortis (TSX:FTS) is a mainstay in many investor portfolios, especially those with a passive-income-seeking mindset. The $26.97 billion market capitalization utility holdings company owns and operates several electricity and natural gas utility businesses across Canada, the U.S., Central America, and the Caribbean.

Fortis relies on long-term contracted assets in a highly rate-regulated market to generate almost its entire revenue, making its cash flows predictable.

The interest rate-hike cycle by the Bank of Canada (BoC) put it under pressure due to its business model requiring taking on a heavy debt load. However, it was well capitalized enough to and has managed to regain positive momentum on the stock market.

Granted, utility companies do not thrive in high interest rate environments. However, Fortis stock's five-year capital plan is projected to grow the company at a 6.2% compound annual growth rate for the next five years. As of this writing, Fortis stock trades for $56 per share and boasts a juicy 4.04% dividend yield.

Sienna Senior Living

Offering a juicy 7.95% dividend yield at writing, **Sienna Senior Living** (TSX:SIA) is the riskier of the two dividend stocks. The $861.42 million market capitalization company owns and operates several seniors' living residencies and manages several others for third parties.

The stock has maintained stable dividend payouts since 2011, even offering some growth. A company slated to benefit from a growing population, Sienna stock might see an uptick in the long run, as the senior's population in the country almost triples over the next two decades.

As of this writing, Sienna Senior Living stock trades for $11.78 per share, and it is down by 25.35% from its 52-week high. Since government funding helps support its long-term-care portfolio, it can be considered a relatively safe investment for dividend seekers. However, the rising interest rates triggered a selloff that might make it seem too risky an asset for some to consider right now.

Foolish takeaway

Sienna Senior Living stock offers higher-yielding dividend income, especially after last year's selloff inflating its payout yield. Its 7.95% dividend yield appears too high to be sustainable, but it might not be too big a risk to consider to lock in high-yielding returns. Fortis stock is a Canadian Dividend Aristocrat that investors often consider a bond proxy due to its virtually guaranteed dividend payouts.

If you have $1,000 to invest in dividend stocks right now, you can go for an even split between them or veer more toward Fortis stock for the lower risk it entails. However, I would advise caution against allocating too much to Sienna Senior Living stock, even if its higher-yielding returns make it seem attractive.

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