2 Ultra-High-Yielding TSX Stocks to Buy With $1,000

Description

One of the biggest misconceptions that new investors come across is that you need a lot of money to start investing. This can be discouraging for some investors, but it doesn't need to be! There is a handful of ultra-high-yielding TSX stocks that can generate a handsome income with a smaller initial investment.

Here are two income-producing options to build out a portfolio with just $1,000.

This income stock is a no-brainer

When it comes to compiling a list of income-producing stocks, I would be remiss if I didn't mention at least one of Canada's big banks.

And right now, **Canadian Imperial Bank of Commerce** (TSX:CM) is looking very attractive. In fact, there are several reasons why CIBC should be on the radar of investors looking for ultra-high-yielding TSX stocks.

First, let's look at CIBC's stock price.

Over the trailing 12-month period, CIBC has dropped over 25%. Part of the reason for that drop stems from CIBC's large mortgage portfolio. Rising interest rates cool the buying market and increase the risk on existing mortgages.

Prospective investors should note that CIBC is a long-term investment, and the stock will recover. This makes the current discount opportunity that much better. In fact, the bank trades now at an attractive P/E of only 8.8.

Additionally, while the stock has dropped, its quarterly dividend has swelled. As of the time of writing, CIBC's dividend boasts a juicy yield of 5.82%.

And finally, CIBC underwent a stock split last year, which lowers the cost of entry for new investors. As a result, an initial investment of $1,000 will get you 17 shares of this dividend gem. While you won't be able to retire on the income of 17 shares, you will get a head start on reinvesting those dividends for long-term growth.

In short, buy it now at a discount, reinvest that juicy dividend and watch it grow.

Generate a juicy passive income from an insane business

Enbridge (TSX:ENB) is a stock that most investors are aware of, but few realize just how big and far-reaching the energy infrastructure behemoth really is.

Enbridge is best known for its massive pipeline network, which spans over 28,000 km across Canada and the U.S. In terms of volume, the pipeline business hauls one-third of all North American crude, while the natural gas lines transport one-fifth of the natural gas needs of the U.S.

Despite that immense size and massive defensive appeal, that's not even the best part.

Enbridge charges for use of that network, but not by the price of the commodity being hauled. In other words, irrespective of the volatile price of oil, Enbridge continues to haul a critically important supply of gas and crude to refineries and storage facilities.

And there's still more.

Enbridge also boasts a growing renewable energy business. The company has invested billions over the past two decades in wind and solar energy, as well as geothermal, hydroelectricity, and other green energy sources. Today that segment includes facilities across North America and Europe, with enough generating capacity to power over 960,000 homes.

The sheer necessity of Enbridge's business allows it to generate a steadily growing source of revenue. That growth also allows the company to invest in growth initiatives and pay out a juicy dividend.

That quarterly dividend currently works out to an impressive 6.55%.

Given the current stock price, this means that a $1,000 investment will purchase 18 shares of Enbridge. And like CIBC, that income can be reinvested for years of uninterrupted growth, handily making it one of the ultra-high-yielding TSX stocks for any portfolio.

Prospective investors should also note that Enbridge has provided annual bumps to that dividend without fail for 28 years.

Ultra-high-yielding TSX stocks do exist. Will you buy?

No investment is without risk, and that includes both Enbridge and CIBC. Fortunately, both stocks mentioned above are some of the largest, most-established companies within their respective segments, so the risk is minimal.

In my opinion, both Enbridge and CIBC would do well as part of any well-diversified portfolio.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CM (Canadian Imperial Bank of Commerce)
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