



## Don't Waste Money on Penny Stocks: These 3 Stocks Are Smarter Buys

### Description

The initiations of newbie investors in the stock market usually begin with the purchase of penny stocks. They are enticed by the cheap prices and the promise of doubling their money. Who wouldn't bite if the return on a \$1 investment is 100% or more? But harrowing experiences are often heard about penny stocks.

If you're serious about venturing into stock investing, it's better to save up first for your seed capital. Once you've set up the fund, skip the penny stocks and go for the better buys.

### The smarter buys

Penny stocks are attractive to those with the "get-rich-quick" mentality. On the contrary, you're bound to lose more with these so-called micro-cap stocks that sell for less than \$5 or even \$1. But more often than not, the companies have no track records of success. You will have to rely only on the glib talk of the proponents.

You won't be spending more than \$12.50 per share with **Encana** (TSX:ECA)(NYSE:ECA), **BlackBerry** (TSX:BB)(NYSE:BB), and **Green Organic Dutchman** (TSX:TGOD). These stocks can be your baptism of fire.

### Encana

The 125-year-old Encana is among the top-performing energy stocks. The stock started strong this year and is now up +21.19%. Analysts see a positive trend developing now that oil prices are beginning to rebound. With the fears recession also subsiding, the current price of \$9.55 could rise by 43.45% moving forward.

Unlike the untested penny stocks, this \$14.2 billion oil and gas company has endured many depressed market environments. In the event of another downturn, Encana is strong enough to stand its ground. On top of the projected price appreciation, Encana is also a dividend stock (1.04% dividend yield).

## BlackBerry

Investing in the Enterprise of Things is far better than dubious penny stocks. BlackBerry used to be the developer of smartphones and tablets. Today, this \$6.87 billion company specializes in enterprise software.

The stock is gaining traction in 2019 as BlackBerry is trading at \$12.49, which represents a +28.6% increase from the year-end price of \$9.71. With its security software product offerings, the company is eyeing contracts the U.S. government and American car makers. Expect the company to be active in the IoT space.

## Green Organic Dutchman

Although Green Organic Dutchman is only trading at \$4.36 per share, it's far from being a penny stock. This nearly \$1.2 billion Canadian cannabinoid-based research and development company is [an interesting investment prospect](#). You can get into the flourishing cannabis sector through this stock.

Green Organic Dutchman is not as popular as industry giants **Canopy Growth** or **Aurora Cannabis**. However, the company is working without much fanfare to be a major organic marijuana grower. That is the reason why investors are keeping a close watch.

Finally, you run the risk of losing more than 25% of your investment in penny stocks in a short time period. Don't be hoodwinked. Stick to and invest in the better buys.

### CATEGORY

1. Investing
2. Stocks for Beginners

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