



Stock Market Canada: Easily Buy With Little Savings

Description

If you don't have much money to invest in the stock market, you can still buy shares of excellent growth stocks at low prices. There are many cheap stocks with promising futures that can help you build your wealth in Canada. These stocks have higher projected capital gains than the actual potential losses, making them relatively low-risk investments compared to more expensive options.

Many Canadians stress about how they will retire on little savings and substantial debt. The Canadian Pension Plan will not be enough for most retirees. Luckily, the Canadian Revenue Agency does not tax the returns in Tax-Free Savings Accounts (TFSAs).

Even if you can only invest as little as \$50 per month, you can still begin investing in the stock market. Further, by taking a long-term view of your investments, you can quickly grow your wealth with only 15 minutes devoted to research every month. A short-term investment mindset isn't only time-consuming, but it also sets you up for lower long-run returns on your stock portfolio.

Two great undervalued stocks to buy right now with strong returns and market growth are **Western Forest Products** ([TSX:WEF](#)) and **Hamilton Thorne** (TSXV:HTL).

High revenue relative to the enterprise value of a stock

Western Forest Products is a cheap stock trading at \$1.18 per share. It issues a dividend of \$0.0225 for a yield of 7.14% at the current market value. You can purchase 100 shares of Western Forest Products for \$118 at the time of writing. Not only is it a cheap stock with a consistent dividend history, but the stock price is also stable.

Even though the company brings in over \$1 billion of revenue in a year, the market capitalization of the stock is only \$443 million. The market capitalization is the number of outstanding shares multiplied by the current stock price. Moreover, the company only reports debt of \$134.6 million, meaning the enterprise value or sum of the debt and equity less cash is lower than the annual revenue.

A purchase of stock in Western Forest Products is less risky than investing in **Shopify** stock at the

current market price of \$503.41. Even though Shopify reports [lower profit margins](#) and only \$40 million more revenue than Western Forest Products, Shopify has a market cap of \$58.31 billion. If Shopify stock can support a market capitalization of 41 times its revenue, Western Forest Products deserves a higher valuation with annual revenue of twice its market capitalization.

A more volatile stock to hold long term

Hamilton Thorne is an inexpensive Toronto Stock Exchange Venture traded asset in the healthcare industry. The company manufactures and sells healthcare devices for fertility and biology research.

Selling for \$1.04 per share, you can pick up a 100-share position for only \$104. The stock price is more volatile than Western Forest Products with a five-year monthly beta of 1.8, but the average expected return from the investment is high, with only a maximum loss of \$104. This stock is one that you can buy and hold without losing any sleep at night.

Hamilton Thorne's businesses have a profit margin of positive 8%, substantially higher than Shopify's negative 8.97% profit margin and Western Forest's breakeven margin of negative 1.18%. In a perfectly competitive market, margins should be close to zero — as classical economics teaches us that marginal cost should be equal to price. Of course, as investors, we want to find companies with higher than perfectly competitive margins like Hamilton Thorne.

You can grow your TFSA wealth with cheap stocks

Don't let budget constraints prevent you from saving for retirement or exploiting the tax benefits of increasing wealth in a TFSA. You can find substantially [undervalued dividend stocks](#) like Western Forest Products to earn higher interest on your savings without concerning yourself about share price volatility. You can also add some high-return risk to your retirement savings with stocks like Hamilton Thorne, which fluctuate in value but also promise shareholders growing market value.

The biggest mistake most Canadians make with their savings accounts is maintaining their hard-earned income in cash versus stocks or even risk-free Government Insured Certificates (GICs). Every Canadian should take 15 minutes out of the month to spend at least \$50 in the stock market. Try it today and see how easy it is to self-manage your retirement portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:HTL (Hamilton Thorne)
2. TSX:WEF (Western Forest Products Inc.)

PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/26

Date Created

2019/12/14

Author

debraray

default watermark

default watermark