Where to Invest $5,000 Right Now

Description

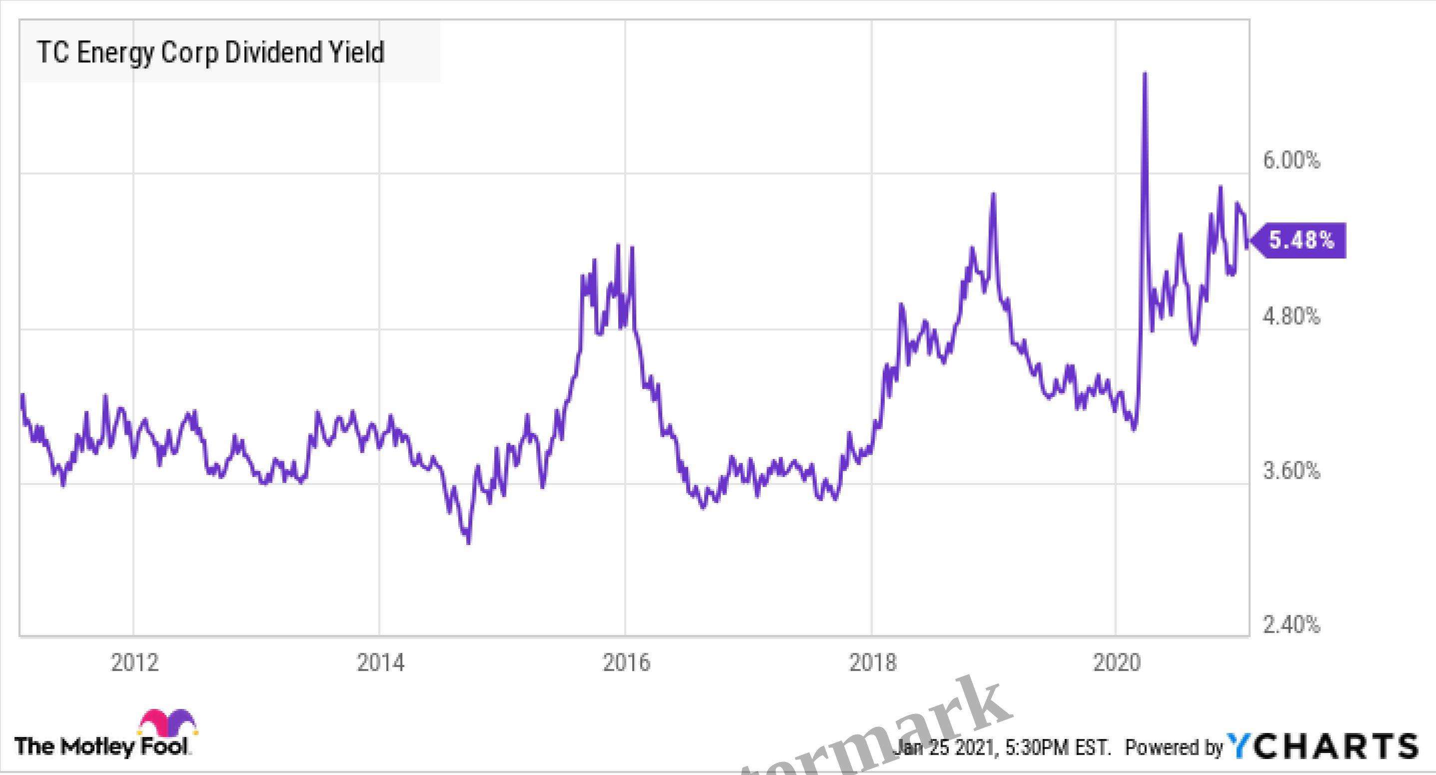
Do you have $5,000 that you're looking to put to good use in the stock market? There are plenty of attractive options out there today, but investors need to be careful, as many stocks are trading near their highs and are at incredibly expensive valuations. Not only does that mean you might not earn much of a return but there's also a risk the stock could come down in price.

Valuation multiples are more important than ever before. Value investors like billionaire Warren Buffett typically target stocks that trade at modest price-to-earnings multiples, normally of 15 or less. And you can pad those returns further by also investing in stocks that pay dividends.

Here are two stocks that meet that criteria today and that can be safe long-term buys for your portfolio.

TC Energy

It may be a bit of a contrarian pick, but **TC Energy** (TSX:TRP)(NYSE:TRP) has been one of the more stable investments to hang on to on the TSX. One of the best reasons it's a good buy today: its dividend yield of 5.5% is higher than normal:



TRP Dividend Yield data by YCharts.

If you were to invest the full $5,000 into TC Energy, you could expect to earn roughly $275 per year just from the dividend. That's on top of any gains the stock makes over the years. While it's easy to be down on the stock because [Biden killed the Keystone XL], it was always a risk that investors were aware of, and it's one of the reasons the stock only trades at 12 times its earnings — the uncertainty is built into the share price. There were bumps along the road, even with Trump giving the pipeline his support, and so Keystone XL was always a bit of a long shot.

However, TC Energy has posted strong numbers without Keystone XL, and it even increased its dividend payments along the way. While it would have helped give the stock a good boost, the energy stock is still an attractive buy, despite the adversity. With strong net profit margins of more than 30% over the trailing 12 months, this is still a top dividend stock you can buy and hold for years.

Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) stock went over a cliff in recent weeks after investors learned (and disapproved of) the company's move to acquire French grocery store giant Carrefour. Couche-Tard has since abandoned the deal but said the two companies will be considering possible operational partnerships in the future.

The stock would end up falling to just above $36 as the news broke. A month earlier, it was trading around the $45 mark. Monday, its shares closed at less than $39, as they still haven't fully recovered from the recent selloff. It's currently trading right around a P/E of 15.

And with the business backing off from the acquisition attempt, it could be a matter of time before it gets back up to where it was before. If it were to climb to $45, that's a possible 15% return from where the stock is now. Couche-Tard also pays a modest dividend yield of just under 1% that can bump those returns up even further.

You won't become a millionaire from owning shares of Couche-Tard, but if you're looking for a solid growth stock that pays a decent dividend, it can be a great option for your portfolio. It can even give you some exposure to the cannabis industry.

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