Got $500? Buy These TSX Stocks Trading Under $10 Right Now

Description

Despite the underlying sluggishness in global economies, equity markets continue to trade near record highs. While several analysts are predicting a market crash, it's impossible to time the markets and wait for a pullback. Investors should instead focus on dollar-cost averaging and invest a small amount each month to benefit from market highs and lows.

For example, we know the Tax-Free Savings Account (TFSA) contribution limit for 2021 is $6,000. So, instead of investing the entire amount, you can look to allocate $500 each month in this registered account.

Here, we look at two lower-priced stocks that you can buy with $500 right now.

Well Health Technologies

One of the top-performing stocks on the **TSX**, **Well Health Technologies** (TSX:WELL) is currently trading at a price of $7.66. WELL stock has risen a staggering 7,600% since its Initial Public Offering (IPO) back in 2016. So, a $500 investment in the health-tech stock shortly after it went public would have ballooned to $38,000 today.

The COVID-19 pandemic acted as a tailwind for Well Health Technologies as the demand for virtual health solutions spiked amid lockdowns. The company wants to leverage technology and modernize primary healthcare in North America. It already has the largest single chain of primary healthcare clinics in British Columbia and Well Health continues to acquire digital assets that are accretive to top-line and profitability.

In the last year, Well Health sales were up 53% year over year at $50.2 million and its cost of sales was up just 33% allowing it to double gross profits to $21.2 million. This rapid growth in revenue meant Well Health's EBITDA loss narrowed to $92,000 in 2020 compared to an EBITDA loss of $1.7 million in 2019. It also reported a positive EBITDA of $0.77 million for the first time in the December quarter of 2020.

Kinross Gold

In case you expect the markets to fall, investing in safe-haven instruments such as gold makes perfect sense. You can also invest in gold mining companies such as **Kinross Gold** (TSX:K)(NYSE:KGC). Gold prices have an inverse relationship to the stock market as well as interest rates.

The Federal Reserve has confirmed it will keep lending rates low through 2023 and continue its bond-buying program that will weigh heavily on yields. The fiscal stimulus program and financial benefits tied to COVID-19 will also pressurize the U.S. dollar which is another driver for higher gold prices.

Kinross focused on disciplined cost management and capital spending and it was able to generate US$1 billion in free cash flow in 2020. It expects strong margins and free cash flow to continue in 2021 and beyond. Its strong performance in the last year allowed Kinross to strengthen its balance sheet and end 2020 with US$1.2 billion in cash.

Kinross expects to increase production by 20% in the next three years from 2.4 million ounces in 2020 to 2.9 million ounces in 2023. It also expects to maintain average annual production of 2.5 million ounces per year in the upcoming decade.

Kinross Gold is trading at a stock price of $9.08, which means that it's valued at a market cap of $11.4 billion. This indicates a forward price to book ratio of 1.4 and a price to earnings multiple of 10. Analysts tracking Kinross expect its stock price to touch US$11.5 in the next 12 months, indicating an upside potential of 60%.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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