The 3 Best Canadian Stocks Under $50 That I'd Buy Right Now

Description

If you are planning to buy stocks but do not have much to invest, worry not. Investing in stocks doesn't require large sums of money. Instead, small but regular investing could help you generate a significant amount of wealth over time. To start with, one can invest in top Canadian stocks for as low as $50. So, we'll discuss three large-cap Canadian stocks that you can buy for under $50. Moreover, these TSX stocks are Dividend Aristocrats and have consistently enhanced their shareholders' returns through higher dividend payments.

Enbridge

With a market cap of about $95 billion, **Enbridge** (TSX:ENB)(NYSE:ENB) is a top stock to own under $50. The economic reopening and recovery in energy demand are likely to drive Enbridge's mainline volumes and, in turn, support its revenues and profitability. Continued strength in its core business is likely to drive its stock higher.

Enbridge's assets across the conventional and renewable energy sources, multi-billion-dollar secured capital program, and gradual shift towards a utility-like, low-risk business augurs well for future growth and are likely to drive its dividend payments.

Notably, the company has paid dividends for 66 years and uninterruptedly increased it in the past 26 years. With its solid asset base, robust cash flows, and improving prospects, Enbridge stock offers income as well as growth. At current levels, the energy infrastructure giant is offering a stellar yield of 7.1%.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) operates a low-risk and high-growth business and has consistently delivered solid returns for its shareholders over the past several years. Besides the appreciation in its stock price, the utility company has enhanced its shareholders' returns by increased dividends.

Its dividends have grown by about 10% annually since 2010. Its strong dividend growth reflects the resiliency of its business and its ability to produce high-quality earnings. Notably, Algonquin Power & Utilities's adjusted earnings have grown by about 13.5% annually from 2014 to 2019. Meanwhile, it projects 8-10% annual growth in its earnings over the next five years.

The continued growth in its rate base and increase in EBITDA is likely to drive its earnings and dividend payments and, in turn, its stock price. Algonquin Power & Utilities expects its rate base to increase by about 11% annually over the next five years. Meanwhile, its adjusted EBITDA is forecasted to grow at a CAGR of 15% from 2021 to 2025. The company pays a dividend of US$0.62 a share, translating into a decent yield of 3.9%.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is another top stock to buy under $50 a share. The pipeline giant is expected to benefit from the recovery in energy demand and expects higher volumes and pricing to support its top- and bottom-line growth. Further, its growing backlog and new projects are likely to drive its top-line growth.

Like Enbridge and Algonquin Power & Utilities, Pembina Pipeline has paid and raised its dividends for a very long period, thanks to its solid fee-based cash flows. Notably, Pembina Pipeline's dividends have grown at a CAGR of 4.9% in the last 10 years. Meanwhile, the company offers a high yield of 6.7% at the current price levels.

Pembina Pipeline stock is also looking attractive on the valuation front. Its forward EV-to-EBITDA multiple of 10.5 is lower than its peers and presents a good buying opportunity at the current levels.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PPL (PPL)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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