



Got \$500? Use it to Buy These Top 2 TSX Stocks

Description

What's more important? Investing substantial amounts infrequently with months or years in between or investing small amounts frequently? You can run different mathematical models/scenarios to come up with the right answer, but the problem is that time isn't the only worthwhile variable in the investment growth "equation." The stocks you choose have an enormous impact on your returns.

For value investors, both approaches might work. You can pile up a decent sum and wait for your favourite stocks to dip so you can buy them low. Or, you can look for good stocks trading at amazing values and add them to your portfolio, even if they don't meet your "ideal" holding criteria. One approach is stock-centric, while the other is value-centric. And for the latter approach, you have to become comfortable investing relatively small sums.

A fuel cell company

One discounted stock you might consider buying with your \$500 capital is the Burnaby-based **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)). [The company](#) researches and manufactures fuel cell power products. It also offers a wide variety of clean energy technology solutions. In 2020, Ballard's market share of fuel cell buses and trucks in China was about 45%. In Europe, Ballard's partners secured an order of 135 buses, powered by Ballard's technology.

The company is aggressively future-facing, and once its star takes off, it's likely to emerge as a giant in the clean transportation market. And it's currently trading at a 62.7% discount from its pre-crash valuation. Its income statements for the last two quarters have been quite discouraging, which has probably pushed the stock down further.

The stock grew over 2,700% in the last five years before it came crashing down in February 2020. If it starts moving up at the same rate, just \$500 in this stock can be explosive for your portfolio, given enough time.

A renewable energy company

While its historical growth might not be in the same league, **Innergex Renewable Energy** ([TSX:INE](#)) is following almost the same pattern as Ballard when it comes to its relative discount or its descent from the recent peak. The share price is down 37% and could slip more from this point on, but the chances are that the stock has fallen enough and might turn things around soon.

The good news is that Innergex has [strong financials](#) and it's also offering a decent 3.5% yield. It's a renewable energy stock, so it also has a place in our cleaner and greener future. The stock doesn't have a very stable growth history, but it took off in mid-2019 and grew about 130% in a year-and-a-half before crashing down to its current discounted price.

There is a strong probability that Innergex will pick up its pre-crash growth pace (now or after reaching a new bottom), and that's the point at which you might want to buy it before it gathers enough momentum.

Foolish takeaway

\$500 growing at 18% a year, which is Innergex's three-year compound annual growth rate (CAGR) (Ballard's is over 71%), for two decades will result in almost \$17,000. That's an encouraging sum, even if you take inflation into account. And that's the historical growth rate of the company. If Ballard and Innergex can effectively leverage the world's migration towards clean energy, they might grow at a significantly expedited pace.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. TSX:BLDP (Ballard Power Systems Inc.)
3. TSX:INE (Innergex Renewable Energy)

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