



4 Cheap Under-\$30 Stocks to Buy With \$500

Description

The Canadian equity market has appreciated significantly in value over the past year, making it hard to find stocks trading cheap and offering good growth. The steady improvement in the economy and ongoing vaccination has led to a stellar recovery rally in most TSX-listed stocks.

However, on scanning through the top TSX stocks, I have zeroed in on four Canadian companies that are still trading cheap have solid fundamentals that could drive their stocks higher. So, if you can spare \$500, invest in these four Canadian stocks that are trading under \$30 and that could deliver stellar returns in the long run.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a solid low-risk and [high-growth stock](#) trading at under \$30. It has generated steady returns for its shareholders and consistently increased its dividend at a CAGR of 10% in the past 11 years.

Thanks to its growing rate base, I expect the power producer to deliver robust earnings and adjusted EBITDA growth in the coming five years. Algonquin Power & Utilities expects its rate base to increase at a double-digit rate annually over the next five years. Further, its long-term contractual agreements will likely bolster its future dividends and support the uptrend in its stock. Overall, its solid utility assets, robust balance sheet, and opportunities in the renewable power business provide a long runway for growth.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is another cheap Canadian stock poised to deliver solid returns in the coming years owing to its strategic investments in broadband networks. Thanks to the strength in its core business, the telecom company has generated profitable growth across its wireless and wireline businesses, favouring the stock.

Strong subscriber additions, business acquisitions, and investments in the 5G network and TELUS PureFibre should further drive its financial results and, in turn, its stock in the long run. Meanwhile, the

company rewards its shareholders through share repurchases and higher dividends. Telus is currently yielding 4.6%, which is quite attractive.

AltaGas

AltaGas ([TSX:ALA](#)) is an excellent stock for investors looking for both growth and income. The company has generated solid earnings and robust cash flows due to its regulated utility business and rapidly growing midstream operations. It also offers a monthly dividend and currently yields about 4%.

The company has forecasted its EBITDA and EPS growth of 12% and 20%, respectively, in 2021, which is encouraging. The addition of new customers, a growing rate base, and higher export volumes in the midstream business should add to the momentum in AltaGas's earnings and cash flows. The steady economic recovery and increased energy demand should further support the uptrend in its stock. Shares of AltaGas have already appreciated about 27% in three months. However, it is still trading cheap (under \$30) and looks attractive at current levels.

Air Canada

Air Canada ([TSX:AC](#)) is another [attractive stock](#) trading under \$30 that could gain big in the long run. The stock has gained 14% in one month on expectations of a revival in air travel demand and easing of lockdown measures. Moreover, I expect Air Canada stock to rise further once its operations normalize.

I believe the accelerated pace of vaccination could significantly boost air travel demand and support Air Canada's recovery. I expect Air Canada's revenues and capacity to improve sequentially, while its net cash burn and operating losses could decline. Further, its air cargo business is performing well and could cushion its top and bottom lines.

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)
3. TSX:AC (Air Canada)
4. TSX:ALA (AltaGas Ltd.)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:T (TELUS)

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