



4 of the Best TSX Stocks Under \$50 to Buy in June 2021

Description

Do you have \$200 to invest but don't [know where to start](#)? First, create a Tax-Free Savings Account (TFSA) portfolio and put this money in it. The TFSA will allow your money to grow tax-free, and you can withdraw your investment returns without thinking about taxes. Second, diversify your portfolio with some growth, recovery, and dividend stocks trading below \$50 per share. And, last but not least, hold.

Growth stocks under \$50

A growth stock is at an early stage of business. **Hive Blockchain Technologies** ([TSXV:HIVE](#)) has been trading on the TSX since October 2010. At present, it derives its revenue from price fluctuation in Bitcoin and Ethereum, as these coins are its products. Hive is still in its early stages and holds the risk crypto brings. But with the growing application of high-performance graphic computing, it is exploring other revenue streams.

Hive has data centre farms, where it has large graphics processing units (GPU) computing capacity. GPU is used in artificial intelligence, blockchain computing, graphic rendering, gaming, and augmented reality. The list is endless. Cloud companies like **Microsoft** Azure also offer GPU as a service. Crypto mining alone holds strong potential. But if Hive succeeds in broadening the usage of its data farms, the growth potential is tremendous.

In the long run, it can increase your investment several folds. But this benefit will only come if you hold it.

Recovery stocks under \$50

Growth stocks need a longer-term horizon. But recovery stocks can give you the return of a growth stock in the short term. The pandemic-driven market crash created an opportunity to buy stocks at a heavy discount. The lockdown badly affected their business. But now, the lockdown and travel restrictions are easing, paving the way to a recovery rally.

The first in the line is **Air Canada** ([TSX:AC](#)). This stock surged 45% in the last 12 months, despite being the most impacted by the pandemic. Now, the airline is reopening international routes,

scheduling flights for winter holidays. If the vaccination drive goes as planned, the Justin Trudeau government might ease the quarantine requirements and only quarantine those who test positive.

AC stock will benefit from pent-up air travel demand, which could push the stock to a \$40 price in a year, representing 41% upside. But this recovery could stall if there is another wave or if the virus mutation makes vaccines ineffective. In the worst-case scenario, AC stock could drop 29% to \$20.

Apart from airlines, the retail sector also took a hit, as lockdowns closed all non-essential stores. Canada's second-largest retail REIT **RioCan** ([TSX:REI.UN](#)) saw a significant dip in its rental income and a marginal dip in its occupancy rate. It was affected to such an extent that it [slashed](#) its dividends by a third.

The reopening of the economy and rising [inflation](#) are having a positive impact on real estate. RioCan stock has surged 32.5% year to date, which is impressive growth for a dividend stock. With a 4.4% dividend yield, it has a 23% upside before the stock reaches its pre-pandemic level. Moreover, a reduced dividend leaves room for future growth.

Dividend stocks under \$50

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock is trading just below \$50, with a 6.7% dividend yield. There is a short-term inflation risk in the second half of 2021 coming from the pent-up demand. The first impact of it will be on oil and natural gas prices. As offices, retail stores, airports reopen, and people start travelling again, gasoline demand will surge. Enbridge collects toll money depending on the volume of oil and natural gas it transmits through its pipelines. The sudden demand surge will increase cash flow. I won't be surprised if Enbridge decides to share the profits with shareholders in the form of a special dividend.

Inflation or no inflation, Enbridge stock's regular incremental dividends will reduce the downside risk from growth stocks.

Foolish takeaway

A good balance of growth and dividends will keep your portfolio in the money and prevent you from panic selling.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:AC (Air Canada)
3. TSX:ENB (Enbridge Inc.)

4. TSX:REI.UN (RioCan Real Estate Investment Trust)
5. TSXV:HIVE (Hive Blockchain Technologies)

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