The 4 Best Under-$30 Canadian Stocks I'd Buy With $400

Description

The ongoing vaccination, steady improvement in the economy, expected recovery in consumer demand, and growth in corporate earnings suggest that now is the time to invest in top-quality Canadian stocks that are trading cheap.

So, if you can spare $400, I have selected four Canadian stocks that are solid long-term bets and are trading cheap. Notably, these stocks are trading below $30 and have solid growth prospects.

Algonquin Power & Utilities

Speaking of stocks trading under $30, consider buying **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). Its low-risk business generates stellar earnings and cash flows that could drive its stock higher in the coming years. The power producer expects its rate base to increase at a double-digit rate over the next five years, indicating that its adjusted EBITDA and earnings could continue to grow rapidly. Further, its long-term power-purchase agreements, robust balance sheet, and growth opportunities in the renewable power business provide a long runway for growth.

Algonquin Power & Utilities has consistently rewarded its shareholders with a higher dividend. Notably, it increased its dividend at a CAGR of 10% in the past 11 years. I believe its high-quality earnings base and resilient cash flow position it well to bolster its future dividend payment and enhance its shareholders' returns.

Air Canada

With the acceleration in the pace of vaccination and easing travel restrictions, **Air Canada** (TSX:AC) could deliver strong returns in the medium to long term. The stock has already gained over 48% in one year on expectations of a revival in air travel demand, and I see further upside, as its operations could soon return to normal.

The recovery in air travel demand and reopening of international borders could significantly boost Air Canada's financials. As the year progresses, I expect Air Canada's revenues and capacity to rebound and its net cash burn and losses to decline sequentially. The airline company's growing air cargo business is another bright spot and diversifies its revenue base. Overall, I see Air Canada stock as one of the top recovery bets.

Cineplex

Like Air Canada, **Cineplex** (TSX:CGX) could rebound strongly as its operation normalizes. It is trading under $30 and could be a solid long-term bet. We have witnessed solid buying in Cineplex in the last six months, which has led to a growth of 83% in its stock. Despite the recent run-up, it is still trading at a significant discount from its pre-pandemic levels, making it a steal at current levels.

I believe the entertainment company could deliver outsized returns in the long run, as the operations return to normalcy and consumer demand revives. Cineplex's revenues, operating capacity, and theatre traffic could show sequential growth, while its net cash burn could decline in the coming quarters.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) has historically delivered sky-high returns and appreciated over 195% in one year and about 1,789% in three years. The robust growth in its stock reflects its stellar financial and operating performance and its ability to acquire and integrate high-growth businesses.

I believe WELL Health's stock could continue to trend higher, driven by the strength in its software and services revenues. Meanwhile, digitization of clinical assets, robust M&A pipeline, growing market share, solid cash flows, and improved cost control should provide a solid underpinning for growth, making it attractive for long-term investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AC (Air Canada)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CGX (Cineplex Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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