



The 5 Best Canadian Stocks I'd Buy With \$500 Right Now

Description

Investing in stocks can be highly rewarding for investors who could stay invested for a very long period. Moreover, you don't need a lot of money to start investing. A small and regular investment, even in a low-risk stock, could help you build a significant amount of wealth in the long run. So, if you can invest \$500 right now, here are my top five picks.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock has consistently delivered [superior shareholders' returns](#) over the past several years. For instance, Enbridge delivered an average annual total shareholder return, or TSR, of 16% from 1995 to 2019, implying a \$500 monthly investment would have ballooned to approximately \$1.7 million.

Thanks to its diversified revenue base and contractual framework, Enbridge expects to deliver an annual TSR of 13% in the future years. Furthermore, its strong, secured capital program, rate escalation, momentum in the gas business, and strong growth opportunities in the renewable segment support my bullish outlook. Also, cost efficiencies are likely to support its earnings growth and drive its dividend payments.

Fortis

Like Enbridge, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) has consistently enhanced its shareholders' value and delivered an annual TSR of 13% in the past 20 years. The company's 10 regulated utility assets and growing rate base enable Fortis to deliver resilient cash flows and drive its regular dividend payments.

Fortis projects its rate base to increase by 6% annually over the next five years, while its annual dividend is projected to grow at a similar pace. Fortis's geographic and regulatory diversity, new growth projects, low-risk business, strategic acquisitions, and investments in infrastructure could drive its stock in the coming years. It pays a quarterly dividend of \$2.02 per share, translating into a healthy yield of 3.6%.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) bounced back from its lows as a steep recovery in crude prices amid an uptick in economic activities provides a solid base for growth. I expect Suncor to deliver strong financial numbers in the upcoming quarters, reflecting higher average realized prices, increased production, and debt reduction.

A favourable product mix, integrated assets, and cost optimization should further support the uptrend in Suncor stock. The company is trading significantly cheaper than its pre-COVID levels while it continues to drive shareholders' returns through dividend payments and share buybacks.

Air Canada

Air Canada ([TSX:AC](#)) stock witnessed solid buying in the past several months, as an economic reopening and ongoing vaccination have driven investors' sentiment. Air Canada is among the top recovery plays and is available at a [considerable discount](#), despite the recent growth in stock. Air Canada's problems are transitory, and the airline giant remains well positioned to benefit from the recovery in air travel demand.

I expect a sharp recovery in its revenues and operating capacity once its operations return to normal. Reopening of international borders could significantly boost its prospects. Furthermore, the momentum in its cargo business is likely to sustain, while its net cash burn could decline as the year progresses.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is another top stock for investors looking for value and income. While the uptick in economic activities and decline in provisions has led to a stellar recovery in Scotiabank stock, it is trading at a discount compared to peers. The bank also pays a solid dividend and is yielding 4.6% at current price levels.

I believe Scotiabank's exposure to the high-growth market positions it well to gain from the improvement in consumer demand. Furthermore, higher deposit volumes, improving efficiency ratio, and lower provisions are likely to drive its profitability and, in turn, its stock price.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:SU (Suncor Energy Inc.)
5. TSX:AC (Air Canada)
6. TSX:BNS (Bank Of Nova Scotia)
7. TSX:ENB (Enbridge Inc.)
8. TSX:FTS (Fortis Inc.)
9. TSX:SU (Suncor Energy Inc.)

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Author

snahata

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