3 Cheap Stocks to Buy With $300

Description

The ongoing vaccination, acceleration in economic activities, and improving demand provide a solid foundation for growth in stocks. Furthermore, one doesn't require a lot of money to start investing in stocks. With improving fundamentals, all you need is a long-term mindset to create a significant amount of wealth.

So, if you can spare $300, consider buying these three cheap Canadian stocks that are poised for growth.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the most reliable stocks for long-term investors. Besides offering steady dividend income, Enbridge stock has solid long-term growth prospects, thanks to its diversified assets and favourable energy outlook. While Enbridge stock has mostly recovered its losses, I see further room for growth.

The energy infrastructure company's 40 diverse cash flow streams, contractual framework, and continued momentum in the core business indicate that it could generate solid distributable cash flows. Moreover, recovery in mainline volumes, higher utilization rate, and cost-optimization initiatives bode well for future growth. Also, its $17 billion secured capital program and growth opportunities in the gas and renewable business suggest that Enbridge could deliver stellar returns to its shareholders in the coming years.

Enbridge has consistently paid dividends for over 66 years and raised the same at a CAGR of 10% in the last 26 years. Thanks to its high-quality earnings base, I expect the company to continue to pay higher dividends in the future. With a forward EV/EBITDA of 12.2, Enbridge's valuation is well within reach and is lower than its historical average.

Suncor Energy

Like Enbridge, **Suncor Energy** (TSX:SU)(NYSE:SU) is another top bet for long-term investors. The company has started to deliver improved financial performance, reflecting increased crude prices and recovery in demand.

I believe an uptick in economic activities and macroeconomic improvement could support crude oil prices and, in turn, push Suncor stock higher. I expect Suncor to deliver higher earnings and improved funds from operations in the upcoming quarters on the back of higher realized prices.

Meanwhile, Suncor's integrated assets, favourable revenue mix, and higher upstream production position it well to deliver solid financials in the future. Its lower cost base and focus on debt reduction are encouraging. I believe its ability to generate higher cash, share buybacks, regular dividend payments will likely boost shareholders' returns. Suncor is trading significantly below its pre-COVID levels, making it a solid investment option for long-term investors.

Air Canada

Investors could also consider buying **Air Canada** (TSX:AC) for its solid long-term growth prospects . Air Canada is in a recovery phase, and an acceleration in vaccination and pick-up in air travel demand could significantly boost its financials and share price.

The easing of travel measures and the expected reopening of international borders provide a solid foundation for long-term growth. Meanwhile, higher bookings, capacity expansion, and normalization of its operations could lead to improved revenues and a reduction in cash-burn rate. Also, the continued momentum in its cargo business is likely to contribute meaningfully to its overall revenues.

The hopes of recovery led to over 61% growth in its stock price in one year. However, it is still available at a much lower price than its pre-COVID levels, making it an attractive long-term bet.

CATEGORY

1. Coronavirus
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