



Got \$1,000? Invest in 3 Undervalued Stocks

Description

While \$1,000 might not seem like much, if you invest in the right stocks and give it enough time, this sum can turn into a sizeable nest egg. And the returns could be even sweeter if you invest them in promising undervalued stocks.

As for undervalued stocks, always remember that a fair price with better return prospects is better than a bargain with shaky return potential. And if you can bag a stock that offers amazing dividends along with modest growth potential at a lighter price tag, it would be an amazing deal.

There are three undervalued stocks that might be good deals right now.

A high-yield REIT

Nexus REIT ([TSX:NXR.UN](#)) [has been undervalued](#) for a while now; although the yield is not as sweeter as it once was, it's still quite juicy at 4.9%, and that's after a 102% growth in the last 12 months. And the best part is that despite the amazing growth in the last few months, the REIT is quite undervalued right now.

It's trading at a price-to-earnings of 5.7 and a price-to-book of 1.4 times and the high yield is backed by a very stable payout ratio of 27.8%. The financials are growing in sync as well. All of this culminates into an amazing REIT that's currently available at a bargain price. And it might still keep growing for a while yet, so you will be able to capture both decent capital growth potential and a juicy yield.

A small-cap golden company

Gold can be a powerful hedge against market fluctuations, and the right golden stock can help your portfolio shine, especially when the rest of the market is weak. And since the **S&P/TSX Composite Index** has already fallen over 3% from its peak in early September, it might be a good time to add a stock like **Gran Colombia Gold** (TSX:GCM).

With a market capitalization of \$472 million, the stock is much closer to the small gold players in the junior exchange than the mega players on the **TSX**. But this association is not necessarily a bad thing. Unlike most gold stocks that only get to shine when the market is down, this little gold stock was growing at a decent pace long before the pandemic-driven market crash hit. In the four years from 2017 to 2020, the stock grew about 388%.

And along with decent growth potential, which seems imminent thanks to its valuation, broad market correction, and the fact that the stock has fallen below the level it would have had the pandemic and the market crash never came. It is also offering a decent 3.75% yield.

An energy stock

The energy sector has been on a tear for a while now, and even though many large players in the sector have already gone through a series of corrections, a relatively smaller [energy stock](#), **Tamarack Valley Energy (TSX:TVE)**, is still going up. It has already grown almost 156% in 2021. However, this stock doesn't offer any dividends.

But its growth potential — given that it might continue growing for a few more months — is available at a bargain value. The price-to-earnings is just 4.1, while the price-to-book is at 1.2 times. Another point in the company's favour is that while its primary focus is oil, the company works on long-term gas resources as well.

Foolish takeaway

The three [undervalued growth](#) stocks can beef up your portfolio and are bargains at their current price points. And they are not just good for a short growth spurt. Indeed, you might be able to achieve great returns if you keep holding on to the companies for decades. The dividends that two of the companies are offering will also make holding them for long term worth it, whether you do it in your Tax-Free Savings Account (TFSA) or RRSP.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:ARIS (Gcm Mining)
2. TSX:NXR.UN (Nexus Real Estate Investment Trust)
3. TSX:TVE (Tamarack Valley Energy Ltd)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. adamothonman
2. arosenberg

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

Date

2025/08/22

Date Created

2021/10/07

Author

adamothonman

default watermark

default watermark