3 Top Stocks to Buy Under $30

Description

The prices of Canadian stocks have gone up after the pandemic-induced selloff. Strong liquidity, lower interest rates, improving demand, and a recovery in corporate earnings are the reasons behind the stellar rally in equities. While Canadian stocks have trended higher, a few fundamentally strong stocks are still trading cheap, making them well within reach of every investor.

I'll focus on three fundamentally strong TSX stocks that are priced below $30. These Canadian companies have performed well and are likely to deliver superior returns in the medium to long term.

Telus

Speaking of top under-$30 stocks, consider buying **Telus** (TSX:T)(NYSE:TU). The telecom company has had a long history of delivering profitable growth and has consistently grown its subscriber base, which has driven its share price. My bullish outlook on Telus stock is based on its ability to acquire new subscribers and drive higher average revenue per user.

Telus's diversified revenue streams, improved sales mix, and cost-savings measures will likely drive its earnings and support its dividend payouts. Further, its focus on reducing debt, continued investments in network infrastructure, strategic acquisitions, and expanding 5G and PureFibre coverage will likely accelerate its future growth.

It's worth noting that Telus has consistently enhanced its shareholders' value through increased dividend payments and share buybacks. Telus has paid dividends worth $15 billion since 2004 and targets a 7-10% annual growth in its dividend. Besides capital appreciation, investors will likely benefit from Telus's attractive 4.5% dividend yield.

Air Canada

Air Canada (TSX:AC) is an attractive stock trading under $30 with solid upside potential in the long run. Though the company is going through a rough patch, I believe the ongoing vaccination, easing travel measures, and recovery in domestic air travel demand will likely boost Air Canada's financials and, in turn, its stock price.

While the new variant of the coronavirus could impact its short-term financials, Air Canada will likely deliver improved revenues on the back of capacity expansion. Further, the expected normalization of its operations augurs well for growth.

I expect the reopening of international borders will significantly boost air travel bookings and lead to lower net cash burn. Meanwhile, Air Canada's focus on revenue diversification, growing cargo business, cost-saving measures, and solid liquidity position it well to navigate the near-term challenges with ease.

AltaGas

AltaGas (TSX:ALA) is another under $30 stock that, in my opinion, could deliver stellar returns. Notably, shares of this utility company are on an uptrend, outpacing the benchmark index by a wide margin over the past year. I believe its regulated utility assets and high-growth midstream operations would continue to drive its revenue and earnings and, in turn, its stock.

The integration of Petrogas and customer acquisitions bode well for future growth. Further, the improved energy demand, higher export volumes, and increased utilization rate will likely drive its stock price.

In addition, AltaGas could be an excellent stock for those who seek regular income along with growth. Notably, AltaGas has enhanced its shareholders' returns through higher dividend payments, reflecting the strength of its cash flows. AltaGas pays monthly dividends and offers a yield of 3.8% at current levels, which is encouraging.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:AC (Air Canada)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:T (TELUS)

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