



## 2 Cheap Stocks to Put on Your 2022 RRSP Buy List

### Description

[RRSP](#) investors are searching for cheap stocks to add to the self-directed portfolios in 2022. Most of the easy money was already made in 2021, but some top TSX stocks still appear [undervalued](#).

### Algonquin Power

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$18 per share at the time of writing and offers investors a dividend yield of 4.8%. The stock was above \$22.50 at one point in 2021, so there is decent upside potential this year.

The reason for the drop in the share price is largely attributed to the broader pullback in renewable energy stocks last year after they enjoyed a big run through the end of 2020 and into the first part of 2021. Algonquin Power came under some added pressure late in the year after announcing a large acquisition.

The company is buying Kentucky Power for US\$2.85 billion. The deal will increase Algonquin Power's customer base by 19%. The regulated rate base will grow by 32% and Algonquin Power will see its distribution and transmission infrastructure assets jump by 37%.

Algonquin Power has acquisition financing lined up to close the deal, but the structure of the long-term financing of the purchase is still unknown. Algonquin Power has already raised \$800 million through a share sale. The company has indicated the rest could be raised through a combination of hybrid debt, equity units, and possibly the sale of non-core assets.

Algonquin Power has made five successful utility acquisitions since 2017, so investors should feel confident this deal will be positive for the company. Management expects the purchase to close in the middle of 2022.

Algonquin Power says it expects adjusted net earnings per share to grow by 7-9% annually through 2026, supported by a US\$12.4 billion capital program.

The board has raised the dividend by 10% per year over the past decade, and investors should see steady payout increases continue for at least the next five years.

## Barrick Gold

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) trades at \$23 per share compared to nearly \$40 in 2020 when the price of gold soared to US\$2,080 per ounce. Barrick Gold's share price is down about 27% over the past 12 months. Gold currently trades near US\$1,795 per ounce, which is only a 7% dip over the past year.

Barrick Gold reported strong results in Q3 2021 and will likely deliver solid numbers for the last three months of the year. The company returned a record US\$1.4 billion to shareholders in 2021 through US\$0.36 per share in dividends and a special US\$750 million return of capital that worked out to US\$0.42 per share.

Gold remains at a profitable price for Barrick Gold. The company's copper assets are also enjoying strong market prices. Barrick Gold has a great balance sheet and owns six of the top 10 gold mines on the planet. The company continues to replace extracted gold with new resources through successful exploration and is acquiring promising new assets.

The price of gold could take off in 2022. A pullback in crypto currencies might trigger a flow of funds back to the yellow metal. Persistent inflation and market instability might also provide a tailwind, as investors buy assets that protect buying power and serve as safe havens.

You have to be a gold bull to take the plunge, but Barrick Gold stock looks cheap right now.

## The bottom line

Algonquin Power and Barrick Gold deserve to be on your RRSP radar in 2022. The stocks appear undervalued in an otherwise expensive market and could deliver big gains in 2022. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

### CATEGORY

1. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:AQN (Algonquin Power & Utilities Corp.)

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