3 Simple TSX Stocks to Buy With $25 Right Now

Description

No-commission-fee online trading platforms like Wealthsimple reduce the threshold for investors to enter the market. Specifically, Wealthsimple allows investors to trade Canadian stocks for free on the **TSX**. It also allows partial-share purchases, which means with $25, you have a lot of choices of stocks — even the ones with stock prices greater than $25.

Here are three simple but proven TSX stocks you can consider buying now with as little as $25.

This big Canadian bank stock is a no-brainer core holding

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a relatively simple and low-risk bank given its focus on retail banking. Close to 90% of its earnings are from its North American retail businesses — 56% in Canadian Retail and 33% in U.S. Retail. In its 2021 annual report, it highlighted that according to *Global Finance*, TD is the safest bank in North America.

TD Bank stock also has a standing culture of dividend payments that's 165 years long! Its 10-year dividend–growth rate of 9.2% is also terrific. Its payout ratio is estimated to be sustainable at about 43% of earnings this fiscal year. Additionally, it has a massive reserve of retained earnings that's $67 billion and can be used to pay dividends if needed, such as during a recession.

TD stockholders surely get paid to own the quality business. At writing, TD stock offers a solid yield of 4.2%. At $84.41 per share at writing, the bank stock trades at a discount of roughly 13% from its normal long-term valuation.

One simple TSX stock for growth

Despite the market correction, **Constellation Software** (TSX:CSU) stock is still one of the best-performing TSX stocks for total returns in the long run. Its five-year total returns are about 25% *per year.* This means the tech stock more than tripled investors' money in the period. Its 10-year total returns are close to 37% per year — almost 23 times investors' money in the period. In other words, it turned a $10,000 initial investment into approximately $229,780!

The tech company has done a tremendous job in consolidating vertical market software businesses. Its successful M&A strategy has led to impressive returns on equity (ROE). For example, its five-year ROE is about 47.7%.

Because of its high growth, the TSX stock trades at a high price-to-earnings ratio most of the time. Even after the market correction, it still trades at about 31 times earnings at $1,910 per share. However, its anticipated high earnings-growth rate can still make it an excellent stock to accumulate now. Analysts believe the stock is undervalued by about 25%, according to *Yahoo Finance*.

A simple retailer for awesome dividend income

Numbers don't lie. **Canadian Tire** (TSX:CTC.A) stock is a solid specialty retailer that earns higher margins than grocery and convenience stores — its close cousins in the retail sector. It has increased its earnings per share by about 12.7% per year over the last decade.

Additionally, it has shared its profits in the form of a growing dividend. Its 20-year dividend-growth rate is about 13%. The company's e-commerce sales are also becoming increasingly meaningful to its total sales.

The retail stock's yield of 4% is attractive versus its history. Its trailing-12-month payout ratio is sustainable at about 24% of earnings. A large reserve of retained earnings also helps keep its dividend safe.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:TD (The Toronto-Dominion Bank)

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