Got $250? Here Are 3 Smart Stocks to Buy Now

Description

Thanks to commission-free trading online brokerages provided by **National Bank of Canada** and Wealthsimple, investors can put their savings to work immediately for no cost! If you've got $250 to spare, here are three smart stocks you can consider buying now.

Royal Bank of Canada

Royal Bank of Canada's (TSX:RY)(NYSE:RY) stock price hasn't moved much from a year ago. It's a smart stock to buy for stability. The big Canadian bank stock yields 4.14% at writing. This is a safe yield supported by a payout ratio that's estimated to be about 44% this year.

RY data by YCharts

At $123.62 per share, the bank stock trades at about 11 times earnings, which implies a discount of roughly 9% from its long-term normal valuation. RY stock and its earnings are relatively resilient through economic cycles because of its diversified business. The bank has sizeable operations in personal and commercial banking (37% of its fiscal 2021 revenue), wealth management (27%), capital markets (21%), and insurance (11%).

This is why the market commands a relatively lower yield for RBC stock compared to the Big Six Canadian bank's average yield of 4.64% at writing.

Canadian Net REIT

Rising interest rates have caused **Canadian Net REIT** (TSXV:NET.UN) stock to tumble almost 20% from its 52-week high. This provides a once-in-a-blue-moon opportunity for income investors to pick up the quality shares at a bargain valuation.

The real estate investment trust (REIT) is invested across 100 commercial real estate properties in Eastern Canada. Because of its high occupancy of about 99% and favourable terms of triple-net and management-free leases, the Canadian REIT generates stable funds from operations (FFO) that protect its monthly cash distributions.

Canadian NET REIT's fundamentals are strong. For example, in Q1, it increased its net operating income by 28% and FFO per unit by 8% year over year. Its cash distribution was also 13% higher versus a year ago.

Its Q1 FFO payout ratio was sustainable at 56%. Importantly, the REIT tends to increase its cash distribution. Its five-year cash-distribution growth rate is about 13%. As well, strong insider ownership of roughly 14% increases investors' confidence in the income stock.

At $6.81 per unit, the REIT trades at about 11.2 times FFO. Valuation expansion and FFO growth can drive returns of about 13.9% over the next five years. Throwing in its generous yield of almost 5%, buyers of Canadian Net REIT today can potentially pocket total returns of approximately 18.9% per year over the next five years.

goeasy

goeasy (TSX:GSY) is another smart stock to buy now. At $107 and change per share at writing, the dividend stock is cheap, trading at about 9.7 times earnings. This is a discount of 20% from its long-term normal valuation.

For Canadians who cannot borrow from traditional methods, goeasy's non-prime lending products and services are a lifesaver. This is partly why the company was able to grow its earnings per share at a compound annual growth rate of 29% in the past decade.

High inflation should drive stronger growth for the business, because people will need to borrow more for the same item. It'd be smart to buy the Canadian stock, which offers a decent yield of almost 3.4%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:GSY (goeasy Ltd.)
3. TSX:RY (Royal Bank of Canada)
4. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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