



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

Description

The **TSX** today certainly has a [lot of cheap stocks](#) that Canadians can consider, but they aren't all necessarily *smart* stocks to invest in. That's why many of us may only consider putting a few hundred bucks in at a time when looking at stocks to buy.

But more than that, Canadians also may not be able to afford smart stocks like we once could. Inflation rose 8.1% year-over-year in June after all, reaching a 39-year high, according to Statistics Canada. So we certainly can't be dropping money into the market not knowing when we'll get it back.

In the case of these three stocks on the TSX, it's a different story. Each has long-term data to look back on, and all trade at a cheap price. In fact, you could create quite a bit of wealth putting just \$250 towards any of these smart stocks today.

BMO

The Big Six Banks are a great place to start during an economic downturn. Each have been around for over a hundred years, and in the case of **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) over 200 years! That's a lot of growth in that time, but shares are down 4.4% year-to-date. Inflation, rising interest rates, and a falling market were all to blame for this.

Yet as a Big Bank, it's one of the smart stocks to consider with provisions for loan losses at times like these. It also means you can lock in a great dividend yield at 4.4%, while trading at 7 times earnings. And when you look at historical prices, you'll see why this bank is such a smart investment.

Over the last 20 years, shares of BMO have grown by 775%! That's a compound annual growth rate (CAGR) of 11.4%. If you were to put \$250 into this stock on the TSX today and watch it rise at the same rate, reinvesting dividends along the way, in 20 years you could have shares worth \$3,444.

Brookfield

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is another strong consideration, even during a downturn. While investment companies may go through hiccups on the TSX today, it's a solid long-term choice in an asset manager. Yet again, shares are down 17% year-to-date for this company. The lower valuation comes as real estate and real estate investment trust (REIT) managers are hurt by the rise in interest rates.

But long-term, this company has a diverse range of real estate including everything from hotels to renewable energy projects [around the world](#). And right now, the diversified asset manager trades at a pretty fair 20.1 times earnings. Not cheap, but not expensive if you lock in its 1.2% dividend yield on the TSX today.

What makes it one of the smart stocks to consider is how well it has done in the past two decades, never mind the last 123 years. Shares are up an incredible 2,069% in two decades for a CAGR of 16.6%! So if you were to put \$250 in this stock, you could have \$6,130 in your portfolio in 20 years' time.

Algonquin Power

Finally, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) gives you access to the safety of utilities, with the growth of renewable energy. It's another of the smart stocks to consider as more people edge towards the realization that water, wind, and solar power will fuel our future. However, it also gives you exposure to natural gas through its utility business as well.

And yet, shares of the company are about even with where they were at the start of 2022, but down 10% since April. It trades at 26.1 times earnings, so not exactly cheap, but does offer a 5.4% dividend yield to keep you interested.

And of course, the diversified utility has decades of growth behind it to keep you around. Shares are up 598% in the last two decades for a CAGR of 10.2%. So if you were to pick up this one, alongside your other smart stocks, and hold it for 20 years, your \$250 investment in AQN could then be worth \$6,003.

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2. NYSE:BMO (Bank of Montreal)
3. NYSE:BN (Brookfield Corporation)
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alegatewolf

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