Invest in Stocks With $100 or Less: Here's What to Buy

Description

The steep decline in stocks in 2022 presents an excellent opportunity for new investors to start taking positions in shares for the long term. Also, one doesn't have to shell out significant cash to begin investing. Investors can start buying stocks with whatever money they have. What might surprise you is how even a tiny investment of $100 per month can become $27,866 in 10 years at an annualized return of 15%.

The best stocks to buy with $100

While several TSX stocks are trading cheap, investors should focus on the ones with solid fundamental backing. **Shopify** (TSX:SHOP)(NYSE:SHOP), **WELL Health** (TSX:WELL), and **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) are some of the best stocks to start building your portfolio for $100 or less. While Shopify and WELL Health offer solid growth, Algonquin's low-risk business adds stability and regular income.

Let's examine why these three stocks could outperform the broader market averages with their returns.

Shopify stock costs way less than before

Shopify stock plunged, as investors dumped high-growth tech stocks on concerns of an economic slowdown. Further, the tough year-over-year comparisons, reopening of physical retail, and lack of government subsidy weighed on its growth and stock price. Given the selling pressure, Shopify stock fell over 80% from its 52-week high.

I see this decline as unwarranted. Shopify is fundamentally strong and is better placed than peers to capitalize on the growing share of e-commerce in the overall retail and shift in selling models towards the omnichannel platform.

Its investments in fulfillment and POS (point of sale), expansion of products in new geographic markets, growing adoption of high-value offerings, and partnerships with leading social media will drive its merchant base and financials.

While its investments in e-commerce infrastructure will accelerate its growth, Shopify's valuation attracts. Its forward EV/EBITDA (enterprise value upon sales) ratio of 6.1 is at a five-year low, representing an excellent buying opportunity.

WELL Health stock is a buy now

WELL Health (TSX:WELL) stock has slumped about 50% in one year. This decline is unjustifiable, especially as the company continues to deliver massive growth and positive EBITDA (earnings before interest, taxes, depreciation, and amortization) over the past several quarters.

Its omnichannel healthcare services are gaining ground, reflected through the stellar growth in its omnichannel patient visits (which grew 49% in the last quarter). Further, WELL Health is on track to deliver profitable growth (on a net income basis) in 2022.

The strength in its organic sales and accretion from its acquisition provides a solid platform for multi-year growth. Furthermore, the strength in its U.S. business positions it well to deliver robust sales in the coming years.

Why invest in Algonquin Power?

Algonquin Power and Utilities's low-risk business and predictable cash flows will generate steady growth and income for investors amid all market conditions. Further, as its earnings are relatively immune to economic situations, adding Algonquin stock to your portfolio will add stability and reduce downside risk.

Algonquin Power's management is confident about its rate base growing at a CAGR (compound annual growth rate) of about 15% over the next five years. A growing rate base will support its earnings and dividend payouts. Algonquin Power has raised its dividend at a CAGR of 10%, and its increasing earnings base indicates that it could deliver solid shareholder returns over the next decade.

Its regulated assets, long-term contractual arrangements, growing rate base, and solid dividend payment track record make it a perfect long-term bet.

CATEGORY

1. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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