Got $1,000? 2 Cheap Stocks for RRSP Investors to Load Up on Today

Description

If you've got an extra $1,000 sitting around in your Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA), September 2022 seems like a great time to put it to work. Anxiety of investors is quite high again, following the brutal selloff to end August. Though September is a seasonally weak time for investors, it's impossible to tell what's in store this month, as market participants come to terms with a hawkish Federal Reserve, who's shown no signs of backing off from tightening.

Rate hikes are bad news for a lot of firms, but they're necessary to pull inflation back down. Inflation can grow to become such a terrible force if left unchecked. With more than 50% taken off many high-multiple tech stocks, I'd argue that broader valuations are now more than reasonable. Of course, until cryptocurrencies fade further, it may be tough to deem that all speculative activity has been drained out of the market.

In any case, RRSP investors don't need to place bets on falling knives. There are easier ways to make money that don't require one to lose a night's sleep over excess volatility.

If you stick with undervalued, profitable companies that can power through a downturn, you'll be all right. However, if you throw money at growth stocks that can't seem to form a bottom, you may be in for a wild ride through the year's end.

In a market where many are sitting on losses, it's prudence that can help you gain a leg up over everyone else. At writing, I'm a fan of **Brookfield Renewable** (TSX:BEP.UN)(NYSE:BEP) and **Pet Valu Holdings** (TSX:PET).

Brookfield Renewable

Shares of Brookfield Renewables have been stuck ever since peaking back in early 2021. The stock is in a bear market (down 22% from its high) and has been dragging its feet through most of the past year. The sustainable energy power producer is on the right side of a long-term secular trend that favours the transition from fossil fuels to green energy. With wind, solar, and hydroelectric assets powering the firm's resilient cash flow stream, I remain a fan of the names while it looks to find its footing in this recessionary environment.

Around 90% of the company's operating cash flow is derived from very long-term contracts (averaging length of around 14 years). That bodes well for the dividend's resilience through tough times ahead. At writing, shares yield 3.44%.

Over time, I expect consistent dividend hikes that are less tied to how the general economy is feeling. With a low 0.75 beta, BEP.UN is a great (growthy) way to play defence.

Pet Valu Holdings

Pet Valu Holdings is a relative newcomer on the TSX. The firm's been in business since 1976 but can embark on more ambitious growth now it's a publicly traded entity.

At 24.6 times trailing price-to-earnings ratio, Pet Valu is a way to play the "humanization of pets" trend that could lead to superior growth over time. People love to spoil their pets, and they tend not to cut back on spending, even as discretionary income becomes harder to come by.

As such, I view pet expenditures as more of a staple than a discretionary. Specialty retail can be a complicated game, but I'm a huge fan of the management team after another remarkable quarter. The company beat on earnings for four straight quarters, with the latest beat powering a nearly 9% single-day surge.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:PET (Pet Valu Holdings Ltd.)

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