



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

Description

Finding the right mix to balance out your portfolio takes time. For [new investors](#) with smaller budgets, it can also be a daunting task to begin. Fortunately, there is hope. There are plenty of smart stocks to buy now on a limited budget.

Here's a look at some options to consider buying with only \$250 to start.

Renewable energy = recurring income

One of the best buy-and-forget stocks to consider now is **TransAlta Renewables** ([TSX:RNW](#)). For those that are unaware, TransAlta operates a portfolio of renewable energy sites in Canada, the U.S., and Australia.

Those facilities encompass multiple renewable energy types, such as solar, wind, and hydro. More importantly, they also adhere to the stable, and lucrative, utility business model.

In short, utilities are bound by long-term regulated contracts that guarantee a recurring and stable revenue stream. That stability makes utilities some of the most defensive investments on the market.

In the case of TransAlta, it also means that the company can invest in growth while also paying out a handsome [dividend](#). That dividend, which is paid out monthly, carries a yield of 5.98%.

New investors with \$250 will get just over 16 shares of TransAlta. The income generated from that initial investment won't be enough to retire on, but it will lay the foundation for long-term growth if followed up with similar \$250 investments each quarter and allow for reinvestments.

But why is TransAlta one of the smart stocks to buy now? Apart from that juicy dividend and defensive business model, the stock is down a whopping 17% year to date. That discount means that potential investors with \$250 will get three extra shares of the stock compared with the stock price back in January.

Utilities aren't the only great defensive stocks to own

Utilities are great stocks, but there are other defensive gems. One such example includes Canada's big telecoms. Specifically, I'm looking at **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is one of the largest telecoms in Canada. Apart from the typical bevy of subscription services, BCE also boasts a massive media segment of dozens of radio and TV stations located across the country.

It's just one more revenue stream for the telecom behemoth that makes it one of the smart stocks for every portfolio.

Turning to income, BCE boasts over a century of paying out a stable, uninterrupted dividend. Today, that yield works out to 5.99%. Using that same \$250 initial investment, investors will grab just four shares of BCE, but adding another \$250 each quarter will provide steady growth.

Again, that's not enough to retire on at first. Fortunately, keeping up those recurring investments, and reinvesting that dividend will quickly translate into an income you can retire on.

Given the 7% discount on the stock year to date, it's also the perfect time to start investing.

Banking on recovery and growth

The volatility we've seen for much of the year has pushed the market down considerably. This includes some stellar smart stocks such as Canada's big banks.

The big banks are incredibly stable investments to own. In fact, following a downturn, they typically see massive growth spurts. That's partly why **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is one of the stocks that should be on every shopping list.

CIBC is not the largest or most well-known of the big banks. In fact, the bank's larger mortgage portfolio has helped to push the stock lower in recent weeks as interest rates surged. Year to date, the bank is down a whopping 16% and boasts a P/E of just 8.82.

So, why should investors buy CIBC as one of the smart stocks for their portfolio?

In short, CIBC is well diversified between Canada and the U.S. markets. It also offers a juicy quarterly dividend with a yield of 5.45%.

A \$250 quarterly investment in CIBC will provide a first-year income of just shy of \$55. Again, the goal is reinvesting for long-term growth.

Final thoughts

No investment is without risk. Another point for new investors to note is that building your portfolio, even at \$250 intervals, will take time. Buy them, hold them, and watch them grow.

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3. TSX:BCE.PRT (BCE Inc.)
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5. TSX:RNW (TransAlta Renewables)

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