



2 Cheap Stocks That Could Help You Retire Early

Description

Retiring early is the dream of every investor. To achieve that dream, you must secure a sizable recurring and stable income stream to draw on. Finding the right mix of stocks to help you retire early can be difficult, but it's not impossible. Fortunately, given the recent pullback in the market, some of those "right" stocks are now also cheap stocks.

Here's a look at some options to consider adding to your portfolio.

A stellar buy that is down 10% in the past 6 months

One of the great things about shopping for stocks when the market is down is that you can find some superb bargains. **Canadian Utilities** ([TSX:CU](#)) is one such example.

Canadian Utilities is one of the largest utilities in Canada. Utilities offer a stable and necessary business model for which there is no alternative. That stability is due to the regulated nature of the utility business, which in turn means that Canadian Utilities generates a reliable revenue stream.

Despite that stability, Canadian Utilities is down in 2022, like much of the market. In fact, looking at the prior 6-month period, the utility is down nearly 10%, making it one of the cheap stocks that can help you retire early.

Turning to dividends, Canadian Utilities really begins to impress. The company is the only Dividend King in Canada, boasting a whopping 50 consecutive years of increases. At the current stock price, the dividend works out to a juicy 5.04%. That means a \$40,000 investment will earn just over \$2,000 in the first year. But here's the best part. On the road to retiring early, investors can easily reinvest those dividend earnings, where they can continue to grow until you need to access them.

A growing business that has incredible demand

Another area to consider investing in is Canada's telecoms, and specifically, I'm looking at **Telus** ([TSX:T](#))

). Telus is one of the big three telecoms, offering the traditional complement of subscription-based services. This includes wired, TV, internet, and wireless.

Both the internet and wireless segments are intriguing and warrant some attention. In the past decade, the need for a wireless data connection has moved well beyond communications devices. To put it another way, the sheer number of applications and devices that our smartphones have replaced is well into the hundreds and still growing.

This is important to note because as our need (and by extension, growing necessity) for these devices increases, so do our data needs. For Telus and its peers, that growing need for data represents a massive defensive moat. Throw in the enormous potential of [5G service](#), and you have an opportunity that's hard to ignore.

Finally, let's talk about the internet segment. Since the pandemic started, there are more of us who are working, studying, and seeking entertainment online. As a result, the need for a high-speed, reliable internet connection has grown considerably and is now a necessity.

Again, it's an incredible defensive moat for a telecom, like Telus.

That added income means that Telus can continue to provide handsome upticks to its juicy dividend. That dividend currently boasts a yield of 4.89%. This means that a similar \$40,000 investment will earn just over \$1,950 in the first year. Like with Canadian Utilities, reinvesting that income until needed can provide a huge boost to help you retire early with a larger income.

Why invest in Telus right now?

Telus has dropped over 11% in the past six-month period, which is nearly twice as much as the market. That's an impressive discount on an otherwise stellar investment.

Cheap stocks today will help you retire early tomorrow

Every stock, even the most defensive, carries some risk. To counter that risk, adding stocks from a broad spectrum of the market to diversify is always a best practice. And that applies to the stocks mentioned above.

In my opinion, both of these cheap stocks should be part of any [well-diversified portfolio](#) to help you retire early.

Buy them, hold them, and watch them grow.

CATEGORY

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TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

2. TSX:T (TELUS)

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