The Smartest Stocks to Buy With $20 Right Now and Hold Forever

Description

Despite concerns over the economic slowdown, high inflation, and geopolitical tensions, the Federal Reserve's indication of smaller interest rate hikes in the coming months in last week's meeting appears to have improved investor sentiment. Amid growing investor confidence, here are my three top picks, which you can buy for under $20 and hold forever.

Innergex Renewable Energy

With the growing awareness of rising pollution levels, more businesses, individuals, and governments are beginning to adopt cleaner energy to meet their energy needs. This transition has created long-term growth potential for renewable energy companies, such as **Innergex Renewable Energy** (TSX:INE). The company operates around 84 renewable operating facilities across Canada, the United States, Chile, and France, with a total installed capacity of 3,582 megawatts.

Despite the challenging environment, the company has continued its growth, with its revenue and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) increasing by 40% and 38% in the September-ending quarter. Higher selling prices, capacity additions, and acquisitions over the last four quarters drove its financial performance. Meanwhile, the company is continuing with its growth initiatives, with around 12 projects in the advanced stage. These new projects will expand the company's installed capacity by 908 megawatts. So, its growth prospects look healthy.

However, Innergex has lost over 7% of its stock value this year amid the weakness in the renewable space. Its NTM (next 12 months) price-to-sales has declined to 3.1. Besides, it also pays a quarterly dividend, with its yield currently standing at a healthy 4.32%. So, considering all these factors, I am bullish on Innergex Renewable Energy.

Savaria

Savaria (TSX:SIS), which offers a wide range of accessibility solutions to aged and physically challenged persons, would be my second long-term bet. Supported by its organic growth, the company's revenue grew by 11.4% during the third quarter. In addition to top-line growth and margin expansion of 0.8%, its adjusted EBITDA increased by 17.9%. The company generated $46.9 million of cash from its operations. Meanwhile, it ended the quarter with funds of $101.7 million, which could support its growth initiatives.

Savaria started operating its new factory at Querétaro, Mexico this month. Given its proximity to the strong North American market, management hopes the facility will be a substantial growth driver for the company in achieving its target of $1 billion in revenue by 2025. Despite its healthy growth potential, the SIS trades at an attractive NTM price-to-earnings multiple of 19.3. Also, the company pays a monthly dividend of $0.0433/share, with its yield currently at 3.4%, making it an attractive buy.

BlackBerry

Alongside the growing usage of software and electronic components in vehicles, analysts are projecting the automotive software and electronic components market to grow at a CAGR (compounded annual growth rate) of over 9% from 2020 to 2030. So, in this expanding addressable market, I have chosen **BlackBerry** (TSX:BB) as my third bet. Also, the company is well-positioned to benefit from the growing demand for electric and connected vehicles.

Meanwhile, BlackBerry's management is optimistic about its growth prospects given the expansion in its IoT (internet of things) and cybersecurity segments. They expect revenue to grow at a CAGR above 13% over the next five years. Despite its healthy outlook, BB has lost around half its stock value from its recent highs. The low price creates a tempting entry point for long-term investors.

CATEGORY

1. Investing

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1. TSX:BB (BlackBerry)
2. TSX:INE (Innergex Renewable Energy Inc.)
3. TSX:SIS (Savaria Corporation)

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