4 TSX Stocks You Can Confidently Invest $500 in Right Now

Description

If you are beginning to invest in stocks, here are some of the best TSX stocks to consider.

Dollarama

The year 2022 brought bear markets along and ended a years-long bull rally. While broader equities fell 6%, Canadian value retailer **Dollarama** (TSX:DOL) has jumped 35% this year. Notably, DOL stock outperformed in earlier bull markets as well. So, it is one of the few stocks for your all-weather portfolio.

Dollarama has shown encouraging earnings growth and margin stability this year amid record-high inflation and rate hikes. This shows its business strength and justifies its outperformance.

Its efficient supply chain operations, unique value proposition, and large geographical presence could fuel more growth going forward. So, even if DOL stock is trading at its all-time highs, it might continue to climb higher next year.

Cenovus Energy

Energy has been the top-performing sector for the third year in 2022. Among many TSX energy stocks, **Cenovus Energy** (TSX:CVE) looks well positioned for 2023. It has returned 55% this year, beating its peers.

Thanks to its surging free cash flows, Cenovus Energy has repaid billions of dollars in debt this year. This has massively improved its balance sheet. Moreover, Cenovus plans to increase cash flow allocation towards share buybacks next year. CVE has bought back $2.3 billion worth of shares so far this year.

Even if oil and gas prices have been brutally volatile recently, they will likely head higher due to supply woes. Cenovus's superior earnings-growth prospects and balance sheet strength will likely create shareholder value.

Bank of Montreal

Bank of Montreal (TSX:BMO) stands tall among peers on multiple fronts. It currently yields 4.5%, marginally higher than TSX bank stocks. Interestingly, it has paid shareholder payouts for the last 194 consecutive years.

BMO has a diversified revenue base and has shown decent earnings stability for the last several years. Plus, it has a relatively superior credit quality with a common equity tier-one ratio of 16.7% — the highest in the industry.

Amid recession fears, the stock has dropped 17% since its 52-week high in March this year. It looks appealing from the valuation perspective and indicates steady growth potential.

Note that TSX bank stocks might not trade higher immediately as inflation and rate hikes will still continue to dominate. However, BMO's recent correction, earning stability, and solid dividends make it an attractive bet.

Emera

Canadian utility **Emera** (TSX:EMA) is one of the classic defensives to consider amid volatile markets. It is a less-volatile, stable, dividend-paying stock that outperforms in bearish markets. But note that, like many utilities, it could fall short in bull markets.

Emera caters to more than 2.5 million customers in Canada, the U.S., and the Caribbean. Companies like Emera keep growing slowly in almost all kinds of economic cycles. As a result, it can pay consistently growing dividends. EMA stock currently yields 5.2%, which is higher than peers. It has returned a negative 5% this year and 9.4% compounded annually in the last 10 years.

It is trading 20% lower than its 52-week highs and looks relatively undervalued. As the rate-hike pace slows or pauses, probably next year, utility stocks like EMA could outperform.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:EMA (Emera Incorporated)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. vinitkularni20

Category

1. Investing
2. Stocks for Beginners

Date
2025/07/19
Date Created
2022/12/13
Author
vinitkularni20