



## 2 Growth Stocks to Buy With Just \$500

### Description

The [bear market](#) could extend to next year due to a possible recession. Because of stubborn inflation and rising interest rates, many investors also turned sour on growth-oriented firms in 2022. Fortunately, there are still buying opportunities for [growth investors](#) this year.

Canadians can use as little as \$500 to invest in **Chemtrade Logistics** ([TSX:CHE.UN](#)) and **Bird Construction** ([TSX:BDT](#)). Both companies are well positioned to pursue business growth initiatives in 2023 and deliver significant gains to shareholders.

### Strong market fundamentals

According to Chemtrade's president and chief executive officer (CEO) Scott Rook, the broad-based strength in market fundamentals in 2022 is an encouraging sign. The \$1.09 billion company provides industrial chemicals and services globally, and it's also the largest producer of high-purity sulphuric acid for North America's semiconductor industry.

In the third quarter (Q3) of 2022, net earnings reached \$75.34 million compared to the \$20.16 million net loss in Q3 2021. Notably, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) soared 104% to \$137.1 million versus the quarter last year. Furthermore, cash flows from operations and distributable cash increased 76% and 327% year over year to \$143.5 million and \$82.5 million, respectively.

Rook said, "We are extremely happy to deliver these record third-quarter results and to yet again increase our 2022 adjusted EBITDA guidance." It was an incredible feat, given the uncertain macro-economic conditions and widespread speculation of a global economic recession.

He cited the compelling product portfolio, favourable end-market tailwinds, and excellent execution by the team across the operating footprint for the marked improvement in productivity. Rook added that management commits to continue driving long-term value creation for unitholders by capitalizing on attractive organic growth opportunities across the business.

Chemtrade has the financial flexibility to go after value-creating projects and deliver additional growth in the years to come because of a strengthened balance sheet. As of this writing, the stock outperforms the TSX year to date at +37.62% versus -8.39%. At \$9.50 per share, the specialty chemicals company pays an attractive 6.32%. Chemtrade is one of the select few that pays a monthly dividend.

## Resilient business model

Bird Construction currently trades at a discount (-22.3%), although the share price of \$7.28 is a good entry. While current investors are losing 22.3% year to date, they enjoy a lucrative 5.36% dividend. The \$390.9 million century-old company provides a comprehensive range of construction services to major markets in Canada.

The business has been stable for most of 2022, notwithstanding the unstable real estate market. Its president and CEO Teri McKibbon said, "Our steadily growing revenue, improving margins, and expanded recurring revenue highlight the company's resilient business model." He added that besides having a diversified national offering, Bird has minimal exposure to lump-sum turn-key contracts.

In the nine months that ended September 30, 2022, Bird's construction revenue and net income rose by an identical 6% year over year to \$1.72 billion and \$34.9 million, respectively. McKibbon said Bird's business model allows management to better manage inflationary impacts on construction costs, and it should result in growing margins for years to come.

## Strong buys

Growth stocks Chemtrade and Bird Construction are "strong buys" this year-end. The former will continue growing through solid market fundamentals, while the latter should benefit significantly from the coming construction boom.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:BDT (Bird Construction Inc.)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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## Date

2025/08/13

## Date Created

2022/12/19

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