3 Stocks Under $10 That Could Produce Strong Returns

Description

Cheap stocks can provide investors with a lot of opportunity for capital appreciation. While the price of a stock shouldn't matter since it won't impact your overall returns, it does play an important role in persuading investors whether to buy the stock or not.

A stock's price isn't meaningless, and it's a reason companies employ stock splits and reversals — to help entice investors to buy the stock. A price too low could be seen as risky and undesirable, whereas a price that's too high could be too expensive for investors and lack the same liquidity that cheaper stocks offer.

At under $10 a share, there is lots of room for a stock to move and the price shouldn't deter investors. Below are three stocks that fall within this criterion and that could soar in value.

Aurora Cannabis (TSX:ACB) is one of the top pot stocks on the TSX, and at a price of around $9 per share, the stock is well priced and has risen as high as $15 in the past 52 weeks. While I'm not necessarily bullish on pot stocks, for investors that are comfortable with the level of risk involved, there's an opportunity here to jump in on a stock that could still have a lot of upside, especially as we inch closer toward legalization and hype reaches a fever pitch.

The company has made some big acquisitions in the past year that have helped fuel its popularity, and another deal, or perhaps a partnership with a beverage company, could send the stock to new heights.

TransAlta (TSX:TA)(NYSE:TAC) produces power, and lots of it, with over 70 power plants in its portfolio. However, about half of its capacity comes from green sources of energy, as it looks to position itself for future growth. TransAlta is a long-term play, as the potential that the stock has won't be realized until many years from now, but when that ultimately happens, the payoff could be big.

Currently, the share price trades at less than $8 per share and over three years the stock has risen by more than 23%. It also provides investors with a modest yield of around 2% per year.

Extendicare (TSX:EXE) is another long-term investment that will see demand grow in the coming years, as the Canadian population ages, and as we see a greater portion of the population start to retire and require care and retirement facilities.

Although the company is profitable and has been able to achieve a little growth in its most recent quarter, it hasn't been enough to attract much excitement from investors just yet. However, that's what makes this stock an appealing buy, since it hasn't been priced up, despite its strong growth potential.

Currently, Extendicare stock trades at around $8 a share and has hit as high as $9.55 over the past year. In the last 12 months, the share price has dropped by more than 10%, but there are signs that it is starting to pick up steam again as it has risen by more than 11% during the past three months, thanks in large part to a strong quarter that the company recently released.

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2. TSX:ACB (Aurora Cannabis)
3. TSX:EXE (Extendicare Inc.)
4. TSX:TA (TransAlta Corporation)

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