3 Top Stocks Under $10

Description

Low-priced shares often provide a peek into the market's bargain bin. For many reasons, stocks under $10 per share aren't as well-known among investors, often resulting in a valuation discount.

Here are three low-priced shares worth your consideration.

Bombardier (TSX:BBD.B)

Since finalizing its $1.3 billion bailout package with the province of Quebec, Bombardier stock has risen by nearly 50%. Still, shares remain 90% below their all-time highs.

For years, this stock was a mess. Its multi-billion-dollar CSeries jet failed to garner much market demand, causing Bombardier's debt load to weigh heavily on the future. After multiple bailout measures, including an investment by Airbus, the company finally seems to be headed in the right direction.

In fact, Bombardier might finally be ready to take on one of its biggest competitors: **Boeing Co**. Rebranded as the Airbus A220, Bombardier's former CSeries jets are seeing renewed demand as airlines switch to smaller, more fuel-efficient aircraft. If perceived demand actually converts to real sales dollars, market sentiment for Bombardier could shift quickly.

Storm Resources (TSX:SRX)

With a market cap of just $300 million, Storm Resources isn't on the radar of most investors, particularly institutional investors that typically only buy multi-billion-dollar companies. Still, this is a stock to watch as energy prices rebound.

Unlike most of its competitors, Storm Resources insiders own 15% of the company. In an industry ripe with poor capital allocation, this could be the rare team that cares about actually creating wealth for shareholders. Production is expected to reach all-time highs this year, although the market doesn't seem to be pricing that in.

At US$55 oil prices, Storm Resources expected to achieve returns on capital of more than 25%. With prices now exceeding US$65 per barrel, the company's financial position is hugely improved, even if the market hasn't rewarded the stock yet.

The company continues to reinvest in its projects, but as soon as it decides to focus on free cash flow, expect the stock to warrant a higher valuation.

Lucara Diamond (TSX:LUC)

Lucara sports a surprisingly sustainable 6.4% dividend. Earnings took a hit last quarter as selling prices fell, but that should be of no concern to long-term investors.

Lucara focuses on large specialty diamonds. This class of diamonds only represent 5% of Lucara's output, but generate 70% of sales. Over the years, pricing volatility for these rare diamonds has fluctuated wildly, but over any recent multi-year period, prices have remained attractive. That should continue into 2020 and beyond.

In 2020, the gap between supply and demand for specialty diamonds is expected to grow, providing the perfect conditions for a pricing rebound.

As with Storm Resources, insiders own a large chunk of the company, roughly 22%. Betting alongside an experienced, skilled management team that also has skin in the game appears to be a solid strategy.

CATEGORY

1. Energy Stocks
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TICKERS GLOBAL

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2. TSX:LUC (Lucara Diamond Corp.)

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