



1 Stock Under \$3 That Could Make You a Substantial Amount of Wealth

Description

Before I get to the stock featured in this piece, a word of warning for new investors:

Just because shares of a company have a low stock price doesn't mean they're undervalued or cheap. By itself, the price of a share tells you nothing useful about the intrinsic value of a security.

A single-digit stock price can lead you in the direction of promising high-growth small- to mid-cap stocks, however. These small-cap stocks are less "market efficient" than their mega-cap peers, essentially allowing you a higher chance of scoring excess risk-adjusted returns (or alpha) on your investment.

Be careful, though, because there are a lot of "disgusting" penny stocks below \$3, and to avoid them, a rule of thumb I use is only to purchase shares of a company with a market cap that's greater than \$100 million. That shuts the door on most of the ugliest penny stocks that could lead you in a heap of trouble.

With that warning out of the way, enter **StorageVault Canada** (TSXV:SVI), a name that both fellow Fool contributor Will Ashworth and I believe is "[the best stock on the TSX Venture Exchange](#)." The fast-growing self-storage player has a market cap that's just north of \$1 billion at the time of writing and could very well be a name that could graduate to the TSX at some point soon.

The business of self-storage may seem boring, but the given the rate of growth of the company, and the industry-wide tailwinds (well covered in a [prior piece](#)), StorageVault is a fantastic under-the-radar play for growth-oriented investors who want a company that could evolve into a market darling.

At \$2.83 per share, StorageVault may seem like a "cheap" stock, but it's actually reasonably pricey (10 times sales and 40.4 times cash flow) given the fact that StorageVault is a growth play that's clocked in very high double-digit top-line numbers over the past few years thanks in part to consistent acquisitions in Canada's self-storage scene.

Given the stable nature of the self-storage market (it's essentially a REIT for your "stuff"), I see a scenario where the company can safely lever up and give its growth a jolt as it pursues further acquisitions in the space. Indeed, StorageVault is a weird play. It's easy to understand, but, most

importantly, it has a high growth ceiling and a lower-risk growth story compared to many other mid-cap firms growing their revenues at the same magnitude.

While the stock has been consolidating for well over three years, the name could be ready to pop like a coiled spring at some point over the next three years as management continues to fire on all cylinders.

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Date

2025/07/26

Date Created

2019/06/13

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