3 Top Stocks Under $20

Description

Some of the best stocks on the market are under $20 per share. In fact, there's one promising stock on this list that's under $5 per share.

If you're looking for low-priced investments with big upside, the following options deserve your immediate attention.

Growth and stability

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) has an $8 billion market cap, but at $16 per share, it simply hasn't gotten the recognition it deserves.

Since 2009, shares are up more than 400%. As a bonus, the stock pays a dividend just over 4.6%.

What's the secret to its success?

Roughly three-fourths of Algonquin's business is fully regulated. This is one of the most reliable ways to make money. The company has long-term contracts to supply power at a guaranteed price and rate base. All it has to do is deliver.

The remaining quarter of the business isn't fully regulated, but it has higher growth potential. Management expects to deploy billions in capital to grow EBITDA by 15% annually over the next few years.

In a nutshell, Algonquin has perfected the balance of stability and growth.

Luckily for you, this proven formula should continue working for decades. The stock isn't as cheap as it used to be, but it's still underpriced compared to its peers.

Huge dividends

At $8 billion, **Inter Pipeline** (TSX:IPL) doesn't get as much attention as **Enbridge**, but it should.

Like Enbridge, the company operates critical energy infrastructure, including oil sands pipelines, natural gas processing, and bulk liquid storage. This is an incredibly difficult, if not impossible business to replicate.

Inter Pipeline's customers need these assets to survive, meaning the company has impressive pricing power.

Today, around 70% of the business is considered "fee-based" as opposed to "margin-based." Essentially, this means that most of Inter Pipeline's profits are insulated from swings in commodity prices. This is an ideal situation to be in.

Over the last five years, oil prices have been difficult to predict. One thing has been more certain: supply.

Throughout North America, production is surging. Inter Pipeline's assets help store, refine, and ship this output. No matter where oil prices head, the company will likely see mounting demand for its services.

Today, shares trade at 14 times trailing earnings with an 8.6% dividend. Compare that to Enbridge's 21 times trailing earnings valuation and a mere 6.2% dividend.

Now looks like the time to scoop up this underrated stock.

Calculated risk

Bombardier (TSX:BBD.B) has been a difficult stock to pin down. Since 1995, the stock has doubled in valued more than a dozen times. In all of the cases, shares ultimately gave up the gains entirely.

At $2.40 per share, the company is a shell of its former self, but buying when expectations hit rock bottom has been a durable, winning strategy for this stock.

Last July, shares topped $5 from renewed optimism for its rail and aviation segments. This May, management blew up the party by lowering long-term financial targets and announcing a slew of restructuring initiatives.

The market has punished the stock severely, but shares now look like a reasonable risk given the reward potential.

In June, the company signed a contract to provide 74 train coaches to Israel Railways. The deal was worth nearly $200 million, yet the stock barely budged.

Two days before, the company agreed to supply 14 high-speed trains to Trenitalia with a decade-long maintenance contract. This deal was worth $350 million. Yet again, the stock barely moved.

Throw in the fact that Bombardier was revealed as a preferred bidder to build and supply a new monorail system in Cairo worth $1.7 billion, and you start to get the idea that business is, in fact, turning around quickly, despite the market's pessimism.

Shares remain at a 52-week low, despite rapidly improving fundamentals.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:BBD.B (Bombardier)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/07/21
Date Created
2019/06/18
Author
rvanzo