



TFSA Penny Plays: Parlay \$10K Into a 6-Figure Fortune With These 3 Stocks

Description

Hi there, Fools. I'm back to highlight three stocks under \$10. While low-priced stocks carry plenty of risks, they can be a source of ideas when looking for

- small, obscure, and [underfollowed companies](#);
- dirt-cheap bargains; or
- intriguing turnaround situations.

If you have big dreams of turning a modest [\\$10K TFSA](#) into a six-figure fortune, you'll need explosive returns to do it. So, if you're looking to get your 2020 off to a great start, this should be a good place to begin.

Full extension

Leading off our list is senior home care operator **Extendicare** ([TSX:EXE](#)), which is up about 25% over the past year and currently trades at a price of \$8.43 per share.

Extendicare continues to lean on its solid scale (network of 120 senior care and retirement centres), strong demographic trends, and stable cash flows to deliver strong results for shareholders. In the company's Q3 results last month, operating earnings clocked in at \$35 million as revenue improved to \$283 million.

More importantly, the company's adjusted funds from operations — a key cash flow metric — remained solid at \$13.7 million.

"We are pleased with our progress and continue to make important improvements on several fronts," said CEO Dr. Michael Guerriere. "These efforts will optimize our operations to meet the increasing demand for high-quality seniors care while driving long-term growth for our shareholders."

Extendicare currently offers a juicy dividend yield of 5.7%.

Fishing expedition

Next up, we have frozen seafood specialist **High Liner Foods**, whose shares are up 40% over the past year and currently trade at price of \$9.60 per share.

The company's turnaround efforts proved successful in 2019, and there should be more of the same in 2020. In High Liner's Q3 results last month, gross margin and adjusted operating margin expanded 110 basis points and 160 basis points, respectively, even as sales decreased.

More importantly, net debt decreased by \$12.3 million to \$312 million.

"With fewer SKUs and more emphasis on value-added products we are driving efficiency, increasing margins and delivering innovative and high-quality seafood to our customers," said CEO Rod Hepponstall.

High Liner currently boasts a dividend yield of 2.1%.

New Year's Resolute

Rounding out our list is forest products company **Resolute Forest Products**, which is down more than 60% over the past year and currently trades at a lowly price of \$5.30 per share.

Sector challenges and cash flow concerns have weighed heavily on Resolute in 2019, but the stock might now be too attractive to pass up.

In the most recent quarter, Resolute posted a loss of \$43 million, as revenue declined 28% to \$705 million. But on the bullish side, liquidity remains strong at \$566 million.

"The proactive steps we have taken over the last few years to strengthen our balance sheet position us well to execute on our strategy despite the cyclical downturn currently affecting the industry," CEO Yves Laflamme reassured investors.

Resolute trades at a cheapish P/E of eight and a paltry EV/EBITDA of 2.4.

The bottom line

There you have it, Fools: three amazing stocks under \$10 worth checking out.

As always, don't see them as formal recommendations. Instead, view them as a starting point for more research. Low-priced stocks are particularly fickle beasts, so plenty of homework is still required.

Fool on.

CATEGORY

1. Investing

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1. NYSE:RFP (Resolute Forest Products)
2. TSX:EXE (Extendicare Inc.)
3. TSX:HLF (High Liner Foods Incorporated)
4. TSX:RFP (Resolute Forest Products)

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