



3 Top TSX Stocks Under \$3

Description

Low-priced stocks that also have smaller market caps often have the ability to grow your investment multiple times and, on a risk-to-reward basis, present a much more attractive option than investing in penny stocks.

Not every penny stock will be a dud, but the majority of the companies don't end up working out, so instead of looking for high-growth penny stocks, stick to these other names with proven business models that are operating at high levels and continuously trying to grow their businesses.

Minimizing your portfolio's risk and the money you lose on investments that don't work out is one of the most important factors to ensure long-term investing success, so stick to quality companies rather than speculating on high-risk investments like penny stocks.

Three exciting stocks with major potential to buy today that are trading for under \$3 are **Peyto Exploration and Development** ([TSX:PEY](#)), **Nexus REIT** ([TSX:NXR.UN](#)), and **GoldMoney** ([TSX:XAU](#)).

Peyto

Peyto is a producer of natural gas in western Alberta and one of the lowest-cost and best-run companies in its group of peers.

The stock is trading at ultra-low levels, as the price for natural gas trades unnaturally low. This has led the company to scale back some of its production, electing to leave the gas in the ground to sell at higher prices.

The reduction in prices — and therefore the smaller margin the company is making — as well as its reduced production have contributed to a major reduction in revenue, cash flow and profit. In the short term, this may not be ideal, but in the eyes of a long-term investor, the move to leave more gas in the ground is prudent.

Furthermore, because it's such a low-cost producer, Peyto has been able to reduce its production

substantially, while still remaining profitable and generating massive amounts of cash flow.

Peyto is one of the most undervalued, long-term companies in Canada, and investors who take a position today won't be disappointed, especially since it pays a stable dividend that yields more than 8.25% and is trading at [rock-bottom prices](#).

Nexus REIT

Nexus REIT is a small-cap industrial REIT with properties across Canada. It's an especially attractive stock for an investor seeking a higher dividend yield, such as Peyto, but with more stability from the industry, which is what you'll get owning real estate.

The company's portfolio is diversified well and is exposed to high-quality tenants.

It continues to see growth in its revenue as well as its profitability as a direct result of some of the recent acquisitions it's made along with the high-potential development projects it's working on.

In total, Nexus has an ownership stake in roughly 3.8 million square feet of leasable space, with an average occupancy rate of 94% and a weighted average lease expiry time of more than five years.

The dividend the fund pays has a yield of roughly 7.25% today and has an adjusted funds from operations payout ratio below 80%, showing great stability in the dividend.

GoldMoney

GoldMoney is a financial services company that acts as a custodian for investors, making it easier to own precious metals through its massive global precious metals network.

Its business is still relatively new, and it continues to gain popularity, especially now, as more investors become interested in allocating some of their wealth into safe-haven assets. A potential recession could prove to be a big boost to business for GoldMoney, making it a different way to gain exposure to the growing demand of gold in times of trouble.

In its 2020 second-quarter earnings, the most recent earnings it reported back in November, GoldMoney saw record quarterly revenue, which is improving management's confidence in the business going forward, allowing the dividend to be increased by 20%.

The stock is trading at less than six times its trailing 12 months earnings, and with it poised to continue its rapid growth, it could be one of the top growth stocks of the year.

Bottom line

Not only do these companies have low stock prices, but their market caps are well below \$1 billion, giving the businesses a tonne of room to grow and making them some of the most attractive growth stocks in Canada.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:NXR.UN (Nexus Real Estate Investment Trust)
2. TSX:PEY (Peyto Exploration & Development Corp)
3. TSX:XAU (Goldmoney Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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