



2 Lesser-Known Stocks You Need to Buy Today

Description

When it comes to finding new stocks to invest in, a lot of investors turn to the well-known favourites first.

This can be a great strategy, since a lot of these investor favourites are high-quality [blue chips](#), that you can own for decades. However, you may also want to consider some lesser-known stocks as well.

Lesser-known stocks almost always offer better value, since the companies aren't as well known by investors and therefore have lower demand for their shares. This leads to a lower premium for their stock prices.

Two lesser-known stocks that look extremely attractive at today's prices are **Gamehost** ([TSX:GH](#)) and **K-Bro Linen** ([TSX:KBL](#)).

Casino stock

Gamehost is a gaming and hospitality company with three locations in Alberta. The company owns casinos in Fort McMurray, Calgary, and Grande Prairie, where it also owns an adjacent hotel.

Gamehost ran into some problems a few years ago, as the Albertan economy suffered due to a slowdown in the energy industry in the province. However, despite the lower level of sales, Gamehost has remained extremely profitable and shown it's capable of weathering any storm, no matter the length.

This past week, it reported its 2019 earnings, and once again the numbers were consistent. On just under \$70 million in revenue, the company managed more than \$15 million in earnings. And for the fifth straight year, it reported a return on equity between 13% to 17%.

The massive reduction in its share price the last few weeks is a complete overreaction. Gamehost has proven to remain profitable through tough economic conditions. In addition, as of Thursday's close, the stock traded at exactly 10 times its 2019 earnings.

Laundry and linen stock

K-Bro linen is a company operating in Canada and the U.K. that provides laundry and linen services. The company primarily serves the hospitality and healthcare industries.

K-Bro's stock should be on every investor's radar for two reasons: firstly, it's an important business with high-quality operations; secondly, it's positioned well financially with a debt-to-equity ratio of just 0.6.

The company is great because the services it offers are necessities. Plus, K-Bro has roughly 30% market share in Canada.

It's possible some of its hospitality volumes may be down, if its clients experience lower sales in a recession. The healthcare side of its business should remain crucial, though. Especially considering the ongoing crisis is due to a healthcare issue.

The share price initially held strong, considering K-Bro's business is so robust. However, since its initial resistance the stock has now fallen roughly 20%.

This has created great value for investors looking to buy today. In addition, it pays a dividend that's yielding roughly 3.1%.

Bottom line

Both of these stocks are high-quality investments. Gamehost is one of the most undervalued stocks on the TSX. K-Bro, however, is one of the best companies to own in the current market environment.

Whatever stock you choose, make sure you've done your due diligence and it fits in your portfolio, as you wouldn't want to be over exposed to one industry, potentially creating a bunch of risk for your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GH (Gamehost)
2. TSX:KBL (K-Bro Linen Inc.)

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