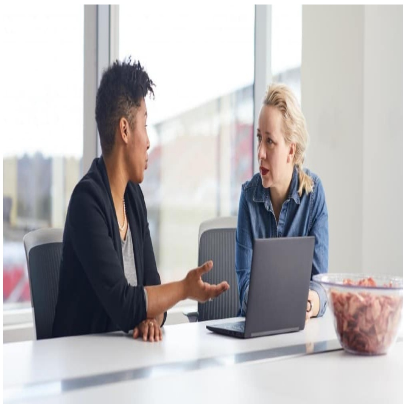

TFSA Growth: 2 Stocks Under $10 I'd Buy Right Now

Description

Young investors should seek to take on higher risks with a portion of their Tax-Free Savings Account (TFSA) portfolio for a shot at greater long-term rewards. Small- and mid-cap companies, which have a tonne of room to run, are a compelling option for those willing to put in the homework.

Not only do promising mid-caps have more long-term upside potential, but they're also more likely to be inefficiently priced by Mr. Market. Relative to large-caps, mid-cap stocks, on average, have a wider discrepancy between their market value and their intrinsic value.

That leaves more room for value-focused TFSA investors to pay three quarters to get a dollar, so to speak. One must be careful to ensure proper due diligence because, as a result of less-efficient pricing, mid-cap stocks are more prone to wild swings.

If you've got excess cash to nibble away at riskier, higher upside mid-cap stocks, I'd encourage you to consider the following two low-dollar amount stocks, which are currently trading below $10.

Fire & Flower Holdings

First up, we have little-known cannabis retailer **Fire & Flower Holdings** (TSX:FAF), which recently teamed up with convenience store kingpin **Alimentation Couche-Tard**. While Fire & Flower may look like just another pot retailer that's been flooding the Canadian market, I believe it's a pot play that could grow to become a dominant force, as the cannabis market continues to mature.

With a mere $157 million market cap at the time of writing, Fire & Flower has a tonne of room to run in the budding cannabis retail scene. If the company can leverage the creativity, expertise and deep pockets of Couche-Tard to help it expand more efficiently, there's a real chance that FAF stock could be a major winner over the next three years and beyond.

On its own, Fire & Flower may be another garden-variety pot shop play, but with Couche-Tard standing in its corner, it could be a serious force to be reckoned with. Today, the stock trades at $1 and 2.4 times sales, making the little-known pot stock accessible to smaller TFSA retail investors able to pay little (or no) commissions for their trades.

Pizza Pizza Royalty

Amid the coronavirus crisis, delivery-focused fast-food plays have been the place to be in the restaurant scene. **Pizza Pizza Royalty** (TSX:PZA) has demonstrated resilience amid the pandemic and will likely continue doing so as this pandemic drags on into year’s end and through to 2021. Shares trade at $9.10 at the time of writing, alongside a bountiful 6.6%-yielding distribution that could be hiked once the economy normalizes.

Although Pizza Pizza has been more resilient than other restaurants out there that have been decimated by the pandemic, it’s still faced its fair share of disruptions, with same-store sales (SSS) taking a dip back in April.

Because of the delivery-focused nature of its business, though, the pizza play has the edge over many of its distressed peers, and that’s a significant reason why Pizza Pizza’s SSS numbers were so quick to bounce back in the second quarter. As long as social-distancing practices are in place, contact-less delivery will likely remain in high demand, and that bodes well for Pizza Pizza’s business.

Moreover, as one of the more affordable pizza options out there, the company looks better-positioned to overcome the COVID-19 recession that this insidious coronavirus will leave behind. That makes PZA a terrific investment to hold through and after the pandemic.

When you’re on a strict budget, and it’s too risky to go to a restaurant, cheap pizza is the way to go.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

PARTNER-FEEDS

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