



3 Canadian Stocks Under \$20 with Exponential Growth Potential

Description

Investing in stock markets does not require huge capital upfront. One can create significant wealth by making small but regular investments. So, if you are looking to participate in the equity markets with small investments, here are the three Canadian stocks that are trading under \$20 but have the potential to deliver exponential returns over the next three years.

Aphria

There has been a great deal of optimism in the cannabis industry in the last two months. The victory of Joe Biden in the United States presidential election and the legalization of recreational cannabis in Arizona, Montana, New Jersey, and South Dakota have improved investors' sentiments. Amid the rejuvenated interest in the cannabis sector, I believe **Aphria** (TSX:APHA)(NASDAQ:APHA) could be a good buy right now.

Last month, Aphria and **Tilray** had [announced](#) to merge their businesses to create the world's largest cannabis company with revenue of \$874 million in their trailing 12 months. The combined entity would offer a wide array of branded Cannabis 2.0 products in Canada while supported by low cost, state-of-the-art production facilities.

In the United States, the combined company would have a significant presence in the consumer packed goods space, given Aphria's recent acquisition of SweetWater Brewing Company and Tilray's Manitoba Harvest, a hemp food manufacturer.

More importantly, the synergies could deliver \$100 million of pre-tax savings within two years of completing the transaction. So, given its high-growth prospects, I expect Aphria to deliver superior returns over the next three years.

Facedrive

The ride-hailing company **Facedrive** (TSXV:FD), had returned over 600% last year. With its green

appeal, the company was able to expand its customer base. Further, the company's expansion into e-commerce, food delivery, and healthcare verticals appear to have increased investors' confidence, driving its stock price higher.

Meanwhile, I believe [the upward momentum in Facedrive's stock price to continue](#) this year, given its high-growth prospects. In November, the company migrated its contact-tracing platform TraceSCAN to the cloud by partnering with Microsoft Azure. The migration could help businesses and individuals easily access the platform, thus preventing COVID-19 infections from spreading.

Further, the platform has received Innovation, Science and Economic Development Canada's (ISED) authorization, which could expand its use-case scenarios. Also, Facedrive has partnered with Safe-Tech to implement TraceSCAN at business places across Canada.

Meanwhile, the company is also expanding its food-delivery service aggressively. Currently, the company delivers food in 19 Canadian cities by partnering with over 4,000 restaurants. Its platform has over 220,000 registered active users.

Goodfood Market

Amid the pandemic-infused lockdown, more customers opted for grocery delivery services, driving **Goodfood Market's** ([TSX:FOOD](#)) financials and stock price. The company had returned over 268% last year. Meanwhile, the demand for the company's services could sustain even in the post-pandemic world, given the structural shift to online grocery services and its large customer base.

In the November-ending quarter, Goodfood Market added 26,000 new active subscribers to increase its subscription base to 306,000 users. The company is also expanding its production capacity, increasing its product offerings, and broadening its distribution, which could drive its financials in the coming years.

Further, amid increased operating efficiency, automation, and lower incentives and credits, its profitability is also improving, which is encouraging.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSXV:STER (Facedrive Inc.)

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