4 Top Canadian Stocks to Buy Under $20

Description

Investing in equity markets does not always require colossal capital upfront. Even with small but regular investments, one could build significant wealth over the long run. So, if you want to start investing with little capital, here are four Canadian stocks that you can buy for under $20.

HEXO

Amid the increased interest in the cannabis sector, **Hexo** (TSX:HEXO)(NYSE:HEXO) has returned over 130% this year. Meanwhile, the rally could continue, given its growing addressable market and growth initiatives. In November, five U.S. states had legalized some form of cannabis. Meanwhile, many other states, such as New York, Florida, and Ohio, could legalize cannabis soon.

HEXO has also taken several growth initiatives to capture the expanding cannabis market. On Tuesday, the company signed an agreement to acquire Zenabis Global for $235 million in an all-share transaction. The transaction would position HEXO as one of the top three licensed producers in the Canadian recreational market. It also provides HEXO access to the European markets. Further, the synergies between the two companies could deliver $20 million of saving within one year of completion of the transaction.

Apart from this acquisition, HEXO has relaunched UP brand products in December, with higher THC content and improved quality. Further, in association with **Molson Coors**, the company has introduced a new line of non-alcoholic CBD beverages in Colorado. So, the company's growth prospects look healthy.

WELL Health

After acquiring a majority stake in Circle Medical in November, **WELL Health Technologies** (TSX:WELL) has continued its expansion in the U.S. healthcare market by signing an agreement to acquire **CRH Medical** for US$292.7 million. CRH Medical generates revenue at the run rate of US$120 million, while its adjusted EBITDA margin stands at 40%. So, the acquisition could be accretive to the company's financials.

WELL Health is also expanding its EMR business through acquisitions. The company currently provides EMR service to approximately 2,200 healthcare clinics. It has also created a marketplace for digital health applications. However, amid the recent pullback, the company is trading around 14% lower than its 52-week high. So, amid the growing telehealthcare business and its high-growth potential, I believe WELL Health could be an excellent buy.

Real Matters

Amid the recent pullback in its stock price due to the slowdown in its growth rate, **Real Matters** (TSX:REAL) trades 48.8% lower than its 52-week high. However, its long-term growth potential remains intact, given its large addressable market, strong network capabilities, and proprietary platforms. With economic indicators still weak, the central bank will not raise interest rates soon, which could benefit Real Matters.

Meanwhile, Real Matters's management has set an optimistic 2025 outlook. It hopes to significantly expand its market share in both appraisal and title segments in the United States and increase its adjusted EBITDA margin. Despite its healthy growth prospects, Real Matters trades at an attractive valuation, with its forward price-to-earnings standing at 21.1.

Cineplex

The pandemic-infused lockdown has deeply hurt the entertainment industry, including **Cineplex** (TSX:CGX). It currently trades around 65% discount from its 52-week high. Amid the restrictions, the company's theatre attendance fell by 95.3% in its recently announced fourth-quarter earnings, while its revenue contracted by 88.2.

However, the company has taken several measures, such as slashing its headcount and renegotiating rent payments for the closed period, which has lowered its net losses. Meanwhile, the company has also strengthened its financial position through selling and leasing back its head office for $57 million and raising another $60 million through an agreement with **Scotiabank**, the lead sponsor of its loyalty program.

The widespread vaccine distribution could allow Cineplex to operate at full capacity, thus boosting its financials. Further, the pent-up demand and the postponement of major movies from last year to this year could also drive traffic for Cineplex. So, Cineplex could deliver superior returns over the next two to three years.

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1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CGX (Cineplex Inc.)
5. TSX:HEXO (HEXO Corp.)
6. TSX:REAL (Real Matters Inc.)
7. TSX:WELL (WELL Health Technologies Corp.)

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