



3 Best Canadian Stocks to Buy Under \$20

Description

The Canadian equity markets continue to rise amid improved investors' sentiments due to the new US\$1.9 trillion stimulus package and drop in treasury yields. On Tuesday, the **S&P/TSX Composite Index** hit a new all-time high of 18,711.64 before closing at 18,599.19, representing a rise of 6.7% for this year. Amid investors' optimism, you can buy the following three Canadian stocks under \$20 for superior returns.

Aurora Cannabis

The recent pullback in cannabis stocks amid fears of speculative trading caused **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) to lose over 50% of its stock value from its 52-week high. Meanwhile, the recent correction provides an excellent buying opportunity for investors amid improving operating metrics and the strong growth prospects that the cannabis sector offers.

Supported by its infrastructure, regulatory experience, and compliance systems, Aurora Cannabis continues to strengthen its position in the Canadian and international medical cannabis segments. Further, the company's management hopes that some medical channels could migrate to consumer channels over time. Its CBD brand in the U.S., Reliva, has been receiving positive feedback from its customers.

Further, Aurora Cannabis's management has also taken several initiatives, such as closing excess production facilities, slashing headcounts, and lowering its SG&A expenses, to progress towards positive cash flows. The company's financial position also looks healthy, with its cash and cash equivalents standing at \$565 million as of February 12. So, [I believe Aurora Cannabis could deliver superior returns this year.](#)

TransAlta Renewables

My second pick would be **TransAlta Renewables** ([TSX:RNW](#)), which owns and operates several renewable power-generating facilities. Last week, the company reported its [fourth-quarter earnings](#).

Despite the pandemic, its renewable energy production grew 14% year over year, while its adjusted EBITDA increased by 6.4%. However, the company's cash available for distribution contracted over 6% due to higher capital expenditure, increased interest expenses, and unfavourable foreign exchange.

Meanwhile, the company focuses on expanding its footprint in Canada, the United States, and the Australian markets. It has signed an agreement with TransAlta to acquire three assets in the U.S., increasing its power production by 303 megawatts. Further, it is currently evaluating around 2.9 gigawatts of power-producing facilities. So, its growth prospects look healthy.

The company also pays monthly dividends, with its forward dividend yield currently standing at 4.9%. Its valuation also looks reasonably attractive, with its forward price to earnings standing at 25. So, I am bullish on TransAlta Renewables.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has witnessed a roller-coaster ride this year, as Reddit investors targeted it. Meanwhile, its stock price appears to have settled, providing an excellent buying opportunity, given its healthy growth prospects and attractive valuation.

BlackBerry has significant exposure to the automotive industry, with its QNX software already embedded in over 175 million vehicles. In January, the company expanded its partnership with **Baidu** to allow Baidu's high-definition maps to run on its QNX Neutrino RTOS, helping global automakers launch next-generation connected and autonomous vehicles in China.

In December, the company had joined hands with **Amazon** Web Services to develop and market its Intelligent Vehicle Data Platform, IVY. The platform would allow automakers to securely read vehicle sensor data and deliver in-vehicle services, enhancing driver and passenger experience.

The pandemic has fastened the digitization process. With more people now working from their homes and increased online shopping, the threat of cyberattacks has increased. So, the spending on cybersecurity could only rise, benefiting BlackBerry.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NYSE:BB (BlackBerry)
3. TSX:ACB (Aurora Cannabis)
4. TSX:BB (BlackBerry)
5. TSX:RNW (TransAlta Renewables)

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