



4 Top Canadian Stocks to Buy Under \$20 for 2021

Description

Investing from a young age is beneficial, as you give more time for your investments to harness the power of compounding. Your risk-taking ability will be on the higher side during this period allowing you to invest in high-growth stocks to earn superior returns. If there are budgetary constraints, you can make small but regular investments, creating significant wealth over the long term. Meanwhile, if you are ready to start investing in equity markets, here are four high-growth Canadian stocks currently trading below \$20.

HEXO

Amid the fears of speculative trading, cannabis stocks have witnessed a steep pullback in the last few weeks. **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) has lost 36.6% of its stock value since hitting a 52-week of \$14 on February 10. The correction provides an [excellent buying opportunity](#) given the expanding cannabis market amid increased legalization and its growth initiatives.

HEXO is working on acquiring Zenabis Global for \$235 million in an all-stock agreement, with the management expecting to close the deal in the fourth quarter of this fiscal year. The acquisition could make HEXO one of the three largest players in the Canadian recreational market. It also provides the company access to the European medical cannabis market. Further, the synergies could deliver \$20 million of savings within one year of completing the deal.

Along with its focus on growth, HEXO has also reported positive adjusted EBITDA in its recently reported second quarter, which is encouraging.

Absolute Software

Amid the recent selloff in high-growth tech stocks, **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) has fallen by 26.2% from its 52-week high, providing an excellent entry point for long-term investors. Last month, the company had reported an impressive second-quarter performance and had raised its guidance for this fiscal year.

Meanwhile, with more people preferring to work and learn remotely, spending on endpoint security could rise. Fortune Business Insights estimates the global endpoint security market to grow at a rate of 8.2% over the next six years. With its robust pipeline of innovative products, multi-year agreements with its clients, and strong annual recurring revenue growth, Absolute Software is well positioned to take advantage of the expanding addressable market. So, given its growth prospects and sectoral tailwind, I am bullish on Absolute Software.

Cineplex

Cineplex ([TSX:CGX](#)) had lost significant value last year, as the pandemic-infused restriction weighed heavily on its financials. Amid the expectation of revival in demand, the buying has returned, with the company trading 49.7% higher for this year. Despite the rise, the company is still available at a significant discount from its pre-pandemic highs.

Meanwhile, Cineplex has taken several cost-cutting initiatives, such as renegotiating the rent payments and lowering its headcounts, to reduce its losses and cash burn. Further, the company has strengthened its liquidity position by selling and leasing back its headquarters and expanding its loyalty program with **Scotiabank**.

The widespread distribution of vaccines could prompt governments to lift restrictions, allowing Cineplex to operate at full capacity. With the Canadian government expecting to make the vaccine available to all by September, I expect Cineplex's financials to improve in the second half of this year.

WELL Health

WELL Health Technologies ([TSX:WELL](#)) is one of the fastest-growing Canadian companies, which had returned over 1,100% over the last two years. The rising demand for telehealthcare services and its aggressive acquisition strategy have boosted its financials and stock price. In its recently reported [fourth quarter](#), the company's top line grew 75% to \$17.2 million, while posting a positive adjusted EBITDA for the first time.

For last year, the company reported a revenue of \$50 million. However, with the CRH Medical and Intrahealth Systems' proposed acquisitions, its annualized revenue run-rate is nearing \$300 million. So, given its high growth prospects and improving margins, I believe the uptrend could continue.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:ABST (Absolute Software)
3. TSX:CGX (Cineplex Inc.)
4. TSX:HEXO (HEXO Corp.)
5. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Investing
3. Tech Stocks

Date

2025/07/20

Date Created

2021/03/23

Author

manjapla

default watermark

default watermark