



Got \$500? 2 Great TSX Stocks Under \$10 to Buy in April

Description

Just because a TSX stock has a low dollar amount doesn't mean it's [cheap](#) or that you're looking at a name that'll give you a greater shot at [bagging a major multi-bagger](#). If you've got a smaller amount (like \$500) to invest, though, it may be enticing to look to the Canadian stocks that trade under \$10, especially if you'll stand to pay zero in commissions. In this piece, we'll look at two of my favourite low-dollar-amount stocks that happen to have great long-term growth stories and attractive valuations.

Under \$10 and undervalued going into April!

Consider **Fire & Flower Holdings** ([TSX:FAF](#)) and **Goodfood Market** ([TSX:FOOD](#)), which currently trade at \$1 and change and \$8 and change, respectively, making each a suitable buy for an investor without much principal to put to work.

TSX stock #1: Fire & Flower Holdings

Fire & Flower is a budding cannabis retailer with retail convenience kingpin **Alimentation Couche-Tard** (TSX:ATD.B) standing in its corner with an investment first made in 2019 and the option to accumulate an even larger stake.

Last summer, Fire & Flower and Couche's Circle K launched their pot retail co-location pilot to help Fire benefit from the foot traffic through Circle K locations. I think it's safe to say that the Couche-Flower project was a success, as Couche's management team eventually exercised options to up its stake to nearly 15%. More recently, Fire & Flower announced a debt-to-equity conversion that would improve the state of the balance sheet and raise Couche's stake to 19.9%.

Couche dipped a toe into the cannabis retail waters; now, it's dipping a foot, and it may make a big splash should Fire & Flower continue firing on all cylinders in the post-pandemic environment.

It only makes sense to have a pot shop, especially a great one like Fire & Flower that draws upon the experiential factor, right beside the local Circle K. As synergies become more apparent, I wouldn't at all

be surprised to see Couche gobble up Fire & Flower entirely down the road.

In any case, Fire & Flower has an incredible growth accelerator in Couche-Tard, making it a top pick in cannabis retail. At the time of writing, FAF stock trades at a mere 2.5 times sales. That's a low price to pay for a high-growth TSX stock with a durable competitive advantage up its sleeve!

TSX stock #2: Goodfood Market

Shares of Canadian meal-kit delivery kingpin Goodfood Market are fresh off a brutal 45% peak-to-trough sell-off, thanks in part to the souring of the growth trade and the renewal of the reopening trade.

Although Goodfood faces considerable pressures in late 2021 and early 2022, as pandemic tailwinds fade and people feel more comfortable heading back to the local grocery store, I think investors would be unwise to discount the firm's retention capabilities.

For many, meal kits have grown into a habit, and one that'll be tough to pause, even as the pandemic ends and crowded grocery stores become less of an anxiety inducer, as more jabs are given in arms.

Goodfood CEO Jonathan Ferrari is a brilliant manager, and it would be unwise to bet against the man, even as tailwinds fade. The company has many levers to pull to retain subscribers. With improving margins, Goodfood is capable of passing on a greater value proposition to its customers. In the post-COVID world, the meal-kit scene will be all about retention and less about beckoning old subscribers back with free meal kits.

With a growing lineup of products, including fresh-baked loaves and cold-pressed juices, Goodfood could find a permanent spot with many millennials, as it looks to bring the fight to its top competitor HelloFresh.

I think you have to buy the dip in Goodfood stock while shares are trading below two times sales.

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TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)
2. TSX:FOOD (Goodfood Market)

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