



## The 2 Best Canadian Stocks Under \$5 That I'd Buy Right Now

### Description

If you don't have that much to invest in the markets, there are [great low-cost options](#) out there, with certain Canadian stocks trading at under \$5. While I'm against betting on TSX stocks solely for their low prices, I think that they're good for retail investors who have an extra \$500 or less lying around in a TFSA. Rather than waiting for next year's top-up time, I think it makes sense to look to the wonderful businesses out there that just happen to have low dollar amounts.

### Small cap, big growth: Canadian stocks under \$5

If you seek [massive growth](#) from early-stage companies, it's the market cap that you're looking for. In any case, many low-cost stocks (like those priced at under \$5) also happen to be small caps. Just watch out for microcap penny stocks with market caps south of \$50 million, as they're dangerously risky, and I wouldn't recommend them to anyone unwilling to take put their money all on red in a spin of the roulette wheel.

The following names, however, are well established with market caps north of \$100 million. That doesn't mean they're not risky, however. I think they have a risk/reward tradeoff that's tilted in favour of investors at this critical market crossroads, with the end of the pandemic that could be approaching in a matter of months.

### Roots and Flower: The best Canadian stocks priced at under \$5

Without further ado, consider **Roots** ([TSX:ROOT](#)) and **Fire & Flower** ([TSX:FAF](#)), two sub-\$5 stocks that also happen to be undervalued, with room to run ahead of the great reopening and what could shape up to be the roaring 2020s.

### Roots

Shares of the iconic Canadian retailer Roots currently trades at \$3 and change. The company suffered

a massive fall from grace since hitting the TSX Index back in 2017. Roots stock ended up losing over 95% of its value from peak to trough, as the firm struggled to find a spot with consumers. The U.S. expedition did not go well, and things weren't too peachy on this side of the border either. And then came the COVID-19 pandemic, which was salt in the wounds of an already ailing retailer, sending shares tumbling from a buck and change to as low as \$0.63 per share. Undoubtedly, the iconic retailer's fate was uncertain as the name approached penny stock territory.

Fast forward to today, and things are starting to look bright again. Roots stock is up over 360% from its April 2020 lows, and it's picking up considerable traction, even in the face of a third wave of Canadian lockdowns. In the battle between variants and vaccines, variants may be winning now, but vaccines will likely gain the upper hand by summer. That should act as a shot in the arm of Roots stock, as it continues its recovery.

The company recently launched a nostalgic collection with numerous classics that could be a hit with Canadians. I guess you could say Roots is returning to its roots, and I think that bodes really well for the Canadian stock.

## Fire & Flower

Fire & Flower is a Canadian cannabis retailer that has the king of convenience standing in its corner with the great **Alimentation Couche-Tard**, who's invested and ready to lend a helping hand amid Flower's expansion.

As lockdowns and reopening rollbacks hit, expect Canadians to continue lighting up their joints as they stay at home. Over the longer term, I suspect Flower will emerge as a leader in the commoditized cannabis retail space, and that's thanks to the expertise of Couche-Tard, which, I believe, will be hungry to grow its stake even further.

The Couche-Flower pilot project is showing signs of success, and I think it could be the start of something big. In any case, I wouldn't sleep on FAF stock here, while shares trade at \$1.10. The \$266 million company may be small, but it has durable competitive advantages that are indicative of a long-term winner in a budding market.

### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)
2. TSX:ROOT (Roots Corporation)

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