



3 Amazing TSX Stocks Under \$10 You Should Consider

Description

One of the things many beginner investors struggle with is the difference between the price and value of the stock. Even if a stock is discounted since its price has dropped a bit, that doesn't mean it's fairly valued (or undervalued). On the other end of the spectrum, a stock might be undervalued even with a three-digit price tag.

Still, if you simply want to accumulate as many units of a company as possible and you are working with limited investment capital, it might be a good idea to look at stocks trading at a relatively low *price*, preferably single digit. And if that's what you are going for, there are three **TSX** stocks under \$10 you might want to consider.

An IT company

The tech sector as a whole had a great run after the 2020 crash. While some stocks grew at an unsustainable rate, **VIQ Solutions** ([TSX:VQS](#)) grew relatively modestly. Its 12-month growth is about 90%, and the stock is currently maintaining its upward momentum. It's currently trading at a price of \$7 per share. VIQ's focus is on digital media transformation, and it caters to six major industries, including legal and media.

VIQ offers four proprietary solutions focused on data capture, documentation, audio-tech, and transcription. It's a niche market, and VIQ has been doing well for itself, at least for the past couple of years. The stock is overpriced, but the balance sheet is rock-solid, and if the stock follows its revenues, the company might keep growing your money for a few years at least. While its five-year compound annual growth rate of 23.9% is quite impressive, the pattern changes when you go back farther.

A fiber-optic company

The aptly-named **Photon Control** ([TSX:PHO](#)) has a small product line consisting mainly of temperature sensors and fiber-optic-based position sensors. It caters to industries like medical, energy, research, and semiconductor manufacturing. [The company](#) has corporate offices in six countries,

including China and Japan, in the semiconductor-rich markets.

The company is currently trading at a price of \$2.74 per share. It has a powerful balance sheet and had a relatively amazing 2020, especially if you consider revenue growth in the year. The company is a bit overpriced, but it's relatively stable with a beta of 0.84 and seems financially stable as well since it has minimal debt and a relatively significant cash position.

However, the most important factor worth considering when it comes to Photon Control is its long-term growth prospects. The company might have a hard time replicating its 10-year CAGR of 33.6%, but if it can pull this off, it can expedite the growth of your portfolio considerably.

A high-yield dividend stock

Timbercreek Financials ([TSX:TF](#)) is currently trading at \$9 per share, and it's the only stock on this list that might be considered relatively fairly valued. It's a [non-bank lender](#) that offers short-term structured loans to commercial real estate investors. Companies like Timbercreek usually take on a lot of risk working with borrowers who don't fit neatly into the banking lending criteria, but they also charge a premium for it.

The company doesn't have any significant growth potential, but it does offer a very enticing yield of 7.5%. The payout ratio is reaching new dangerous heights, but the company hasn't given any indication of slashing its payouts. And if it can sustain its payouts, then locking in the current yield will be a great way to start a passive income.

Foolish takeaway

No matter the price range you are going for when adding to your portfolio, it's a good idea to keep diversification in mind. A heavily concentrated portfolio might be amazing until the sector or industry hits a bump and starts to decline. It's much easier and efficient to have a well-diversified portfolio to begin with rather than revamping your portfolio every time a sector gets in trouble.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:TF (Timbercreek Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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4. Newscred
5. Quote Media

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