



Got \$1,000? Buy These 4 Under-\$20 Canadian Stocks

Description

Despite the concerns over rising inflation, the Canadian benchmark index, the **S&P/TSX Composite Index**, remained resilient and is trading 14.5% higher for this year. Improvement in corporate earnings, higher commodity prices, and improvement in economic activities appear to have increased investors' confidence. Amid investors' optimism, here are four top Canadian stocks that you could buy under \$20 for superior returns.

Algonquin Power & Utilities

Supported by its strong fundamentals, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) had returned 317% over the last 10 years at an average growth rate of 15.4%, comfortably outperforming the broader equity markets. However, the company has lost 11.4% of its stock value this year. The disruption caused by the deep freeze on its energy production weighed on its stock price. Meanwhile, the correction offers an excellent buying opportunity.

Algonquin Power & Utilities is involved in low-risk utility and contracted power-generation businesses, delivering stable earnings and cash flows. The company has planned to make a capital investment of \$9.4 billion over the next five years, expanding its utility and renewable asset portfolio. Along with these investments, the favourable rate revisions could drive the company's financials in the coming quarters. Besides, the company also rewards its shareholders with quarterly dividends. Its forward yield is currently standing at 4.51%.

Absolute Software

With its platform embedded in over 500 million devices, **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) is one of the prominent players in the endpoint security and management sector. Amid increased remote working and learnings, the demand for the company's services could rise going forward. The company is also working on enhancing its platforms and introducing innovative products to expand its market share.

Earlier this month, Absolute Software [signed an agreement](#) to acquire privately held NetMotion, a remote secure access platform, for US\$340 million. The acquisition could strengthen Absolute Software's overall competitive position in the endpoint resilience market. The acquisition could be accretive for the company. Given the favourable market trend and its growth initiatives, [I am bullish on Absolute Software](#).

Goodfood Market

The recent sell-off in technology stocks appears to have weighed on **Goodfood Market's** ([TSX:FOOD](#)) stock price, which is down over 45% from its recent highs. Meanwhile, the steep correction provides an excellent buying opportunity. The rising adoption of online shopping has created a long-term growth potential for the company. Its product expansion, venture into newer markets, improving delivery speed, and solid customer base of 319,000 bode well with its growth prospects.

Amid its cost-control management and investment in automation, Goodfood Market's margins are also improving. The selloff has dragged its valuation to attractive levels, with its forward price-to-sales multiples standing at 1.4. Analysts are also bullish on Goodfood Market, with seven of the nine following the stock have given a "buy" rating. The consensus price target stands at \$12.44, representing an upside potential of 56.5%.

Hexo

On Tuesday, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) closed the acquisition of Zenabis Global for \$235 million. This acquisition has strengthened its position in the domestic recreational market while expanding its footprint in Europe. The synergy between the two companies could deliver \$20 million in savings over the next 12 months.

Further, last week, the company signed a definitive agreement to acquire Redecan, a privately held cannabis company, for \$925 million. The acquisition could significantly expand HEXO's product portfolio and would position it as a market leader across key consumer product categories amid its established distribution channels.

HEXO is looking at forging a partnership with multinational consumer packed goods companies to launch its edible products in the United States. It also has recently acquired a production facility in Colorado. So, given its high growth prospects and expanding cannabis market, I am bullish on HEXO.

CATEGORY

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

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:HEXO (HEXO Corp.)

3. NYSE:AQN (Algonquin Power & Utilities Corp.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FOOD (Goodfood Market)
6. TSX:HEXO (HEXO Corp.)

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