



## 3 Top Canadian Stocks Under \$5 to Buy in June 2021

### Description

Canadian small-cap stocks often fly under the radar of many investors simply because they are smaller or less liquid. They may require a little more digging because there is less public information. Yet, that can often present investors with great opportunities to snatch up stocks at very attractive valuations.

The key to investing in small-cap stocks is to be patient and think long-term. These stocks trade in smaller volumes, so they can often be more volatile. However, if you [do your homework](#), often these stocks reward shareholders many times over. With this in mind, here are three interesting Canadian stocks you can buy for under \$5 per share this June.

### A Canadian stock innovating water management

**H2O Innovation** ([TSXV:HEO](#)) is a really intriguing stock to buy for the green revolution occurring across the globe. This Canadian stock trades for just \$2.30 per share, which is 35% cheaper than it was in January this year.

H2O provides complete end-to-end solutions for managing water resources. Water is increasingly becoming a scarce resource, so the efficient management of drinking water and wastewater is incredibly important. Many municipalities and utilities across North America have aging water infrastructure, so H2O has a large addressable market.

This Canadian stock is growing by about 10-15% a year, but it produces very reliable revenues. Around 87% are recurring. Likewise, as it focuses on higher-margin products and services, its adjusted EBITDA margin continues to improve towards its 12% target. The company has a great low-levered balance sheet, so growth-by-acquisition should keep charging earnings higher.

### A Canadian real estate stock operating in Europe

**European Residential REIT** ([TSX:ERE.UN](#)) is a rarely followed residential REIT that operates 100% in Europe. This is a great stock to buy for both income and diversification. It owns and operates 141

properties equating to 6,047 apartment units across the Netherlands. This is really attractive geography for residential rentals because it has a very dense population, significant lack of new housing, and very strong demand metrics.

Consequently, even during the pandemic, this REIT had incredibly stable +98% occupancy rates. While there is rent control in the Netherlands, the REIT is able to raise rents when a vacancy arises and it upgrades or improves its units. Despite a market capitalization of only \$380 million, this stock has the backing of Canada's largest REIT, **Canadian Apartment REIT**.

As a result, it has a great acquisition pipeline and management platform. Today, this Canadian stock trades around \$4.30 per share and pays out an attractive 3.8% dividend. Compared to its peers, this stock is cheap, so I believe there is ample upside ahead.

## A leading provider of communication services

If you look at **Sangoma Technologies'** (TSXV:STC) six-month stock chart, you may not be too impressed. Today, it trades for around \$3.20 per share. Yet, I think this Canadian stock's recent decline presents a great opportunity to buy a wonderful company at a wonderful price. Sangoma provides unified communication solutions for businesses across the globe. It just acquired a similar-sized cloud-based communications provider.

Despite operating as a one-stop communications shop, the acquisition gives it an even broader range of solutions. Similarly, it provides Sangoma geographic scale, potential synergies, and numerous cross-selling opportunities. Businesses across the globe continue to migrate their communications operations to the Cloud. Consequently, Sangoma still has a large market to penetrate.

This fiscal year, [the company expects to grow](#) revenues by 25% and EBITDA by 40%. Since 2016, it has grown revenues by a compounded annual growth rate (CAGR) of 58%. All around, it is a really well-managed business with plenty of catalysts that could boost the stock from here.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:ERE.UN (European Residential Real Estate Investment Trust)
2. TSX:STC (Sangoma Technologies Corporation)

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