



4 Undervalued Canadian Stocks to Buy Under \$10

Description

Amid improving economic indicators and rising commodity prices, the Canadian benchmark index, the **S&P/TSX Composite Index**, has increased by 14.7% this year. Despite the stellar growth, there are few undervalued stocks, which offer excellent buying opportunities. In this article, we will look at four such stocks that are trading below \$10.

Goodfood Market

Amid the recent selloff in the tech stocks, **Goodfood Market** ([TSX:FOOD](#)) has corrected by over 46% from its January highs, dragging its forward price-to-sales multiple to an attractive level at 1.4. The secular shift towards online shopping offers long-term growth potential for the company. Meanwhile, a growing footprint, improving delivery speed, expanding product offerings, and solid customer base bode well with its growth prospects.

Goodfood Market is also expanding its production capacity and investing in automation, which could lower its expenses while driving margins. So, I believe investors should utilize this steep correction to accumulate the stock for superior returns. Analysts are also bullish on the stock, with seven out of the nine analysts covering Goodfood Market having issued a “buy” rating. Analysts’ consensus price target stands at \$12.44, representing an upside potential of 51.6%.

B2Gold

During an inflationary environment, the value of money declines. So, investors will find refuge in gold during high inflation, driving gold prices higher. Meanwhile, higher gold prices benefit gold mining companies, such as **B2Gold** ([TSX:BTG](#))(NYSE:BTG). Gold prices have appreciated by over 12% during the second quarter. However, analysts expect the uptrend in gold prices to continue for the rest of this year.

During its first quarter, B2Gold’s production had declined due to the planned waste stripping at two of its mines. However, its management expects its production to improve in the second half of this year,

as its mines reach higher-grade zones. So, a higher realization price, increased production, and falling operating expenses could drive its earnings and, in turn, its stock price in the coming quarters.

HEXO

Amid the expanding cannabis market due to increased legalization, I have selected **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) as my third pick. The company is focusing on acquisitions to increase its market share and expand its footprint. Recently, it completed Zenabis Global's acquisition for \$235 million. HEXO has become one of the top three players in the Canadian recreational cannabis market through this acquisition while strengthening its foothold in Europe. The synergy between the two companies could deliver \$20 million of savings within the next 12 months.

Further, HEXO is also working on closing a \$925 million deal involving acquiring a privately held cannabis company Redecan. The acquisition could expand its product offerings and improve its financials, given Redecan's lean production capabilities. Despite its high-growth prospects, the company trades at over 40% lower from its February highs. So, [HEXO could be an excellent buy right now](#).

Extendicare

My final pick would be **Extendicare** ([TSX:EXE](#)), which provides care and services to around 79,900 senior citizens in Canada. Supported by its solid first-quarter performance, the company has returned 22.7% this year, outperforming the broader equity markets. Despite the rise, the company still trades at an attractive valuation, with its forward price-to-sales multiple standing at 0.6.

Further, the company's growth prospects look healthy, as the demand for the company's services could rise in the coming years amid the rising aging population in the country. Extendicare has also planned to invest around \$500 million to expand its capacity and replace its aging facilities. The company also pays monthly dividends of \$0.04, with its forward dividend yield standing at a healthy 5.88%.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Metals and Mining Stocks
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:BTO (B2Gold Corp.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:FOOD (Goodfood Market)
5. TSX:HEXO (HEXO Corp.)

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