



3 Top TSX Stocks Under \$20 a Share

Description

Income investors have an [array of stock choices](#) under \$20 per share on the **TSX**. Among the top picks are **MCAN Mortgage** ([TSX:MKP](#)), **Dream Industrial REIT** ([TSX:DIR.UN](#)), and **Arc Resources** ([TSX:ARX](#)). The yields vary from moderate to high, but the trio could form an excellent [dividend portfolio](#) in 2021.

Better-than-expected performance

Apart from the high 7.62% dividend yield, MCAN Mortgage is an attractive pick because the business and the stock (+15.39% year-to-date) perform better than expected during the pandemic. The current share price of \$17.84 should be a steal.

The \$446.15 million Toronto-based mortgage investment corporation continues to grow its portfolio. In Q1 2021 (quarter ended March 31, 2021), management reported robust quarterly earnings. MCAN's net income was \$15.9 million compared to the \$9.7 million net loss in Q1 2020.

MCAN President and CEO Karen Weaver, said, "We continue to grow our mortgage portfolio through the pandemic in response to the housing and mortgage market dynamics, which were fueled by reduced interest rates and remote working."

Other financial highlights include the \$1.5 million decrease in the provision for credit losses (PCLs) from Q1 2020 on MCAN's mortgage portfolio. It's the result of refinements in the model parameters.

Business strength

Dream Industrial is a pure dividend play. At only \$14.73 per share, the dividend offer is 4.75%. The real estate stock displays resiliency thus far in 2021. Current investors are up 14.5% year to date.

The \$2.77 billion real estate investment trust (REIT) is one of the top choices in the sector because industrial properties are in high demand. Dream Industrial's portfolio consists of 266 industrial

properties. The Q1 2021 (quarter ended March 31, 2021) reflects the strength of the rental business.

Dream's net income for the quarter was \$95 million compared to \$42 million in Q1 2020. The investment property values also increased by \$75 million. Thus far in 2021, the REIT has completed over \$350 million worth of acquisitions, including a 30-acre parcel of land in the Greater Toronto Area.

The occupancy rate, in-place and committed, is a high 97.2%. Dream CEO Brian Pauls said the REIT would continue to focus on increasing the portfolio quality, particularly in strong markets with significant rental rate growth potential.

Visible growth potentials

Arc Resources trades at only \$10.10 per share and pays a modest 2.38% dividend. However, the return potential could be higher as energy stocks benefit from the rising prices and growing demand for oil. This dividend stock also outperforms, with its 69.65% year-to-date gain.

The \$7.31 billion company is now the largest pure-play Montney producer. Likewise, the business combination with Seven Generations Energy in April 2021 made it the country's largest condensate producer, third-largest natural gas producer, and sixth-largest upstream energy company.

Arc's record production and substantial free funds flow generation were the highlights in Q1 2021. The company is in a position of strength as it enters the transformational phase. Its primary focus is the successful integration of the merged companies. The anticipated cost savings and synergies should make the business more resilient, profitable, and efficient.

Value for money

MCAN Mortgage, Dream Industrial, and Arc Resources are the top picks for investors chasing after stocks trading at less than \$20. The three dividend payers are standouts in their respective sectors. You get value for money in each.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:MKP (MCAN Mortgage Corporation)

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