



3 Under-\$10 Canadian Stocks I'd Buy With an Extra \$500

Description

With the advent of low- to no-commission trading, there's never been a better time for [beginner investors](#) to put small sums of capital to work, rather than letting it collect dust and lose purchasing power via inflation.

In this piece, if you've got \$500 or less, let's have a look at three low-cost stocks with prices currently south of the \$10 mark. Each name is screened for quality and a [modest valuation](#). It just so happens that each stock trades at a single-digit price point.

Goodfood Market

At just \$7 and change, **Goodfood Market** ([TSX:FOOD](#)) is probably one of the more attractive under-\$10 Canadian growth stocks. Shares are currently down over 42% from their highs in anticipation of what's likely to be a considerable growth deceleration going into the year-end. There's no question that tough headwinds are waiting up ahead. The company isn't currently making a profit, and as provinces lift restrictions, Goodfood is bound to suffer from a wave of subscription cancellations.

There are no switching or cancellation costs in the meal-kit delivery business. Still, I think the recent damage done to the stock is excessive and seems to be discounting management's abilities to retain subscribers. Goodfood offers a great value proposition to its subscribers. With a growing roster of add-on grocery items, I think subscriber losses won't be as horrific as investors expect.

At 1.6 times sales and 4.9 times book value, FOOD is one of the cheapest growth stocks on the TSX. The growth will slowdown on the other side of this pandemic, but this is already likely baked into the share price. At this juncture, I don't see an onramp to sustained profitability. However, I think there are many double-digit growth days ahead, as Goodfood looks to pass on the savings to its subscribers, many of whom will be jumping between meal kit service providers for the free meal offers.

Fire & Flower Holdings

Fire & Flower Holdings ([TSX:FAF](#)) is a cannabis retailer that few Canadian investors have heard of. At \$1.10, Flower fits the bill as an under-\$10 Canadian stock that's perfect for beginner investors with less than \$1,000 to put to work. The \$269 million company trades at 2.1 times sales and 7.2 times book value — not a high price to pay for the growth runway you're getting from the name.

The biggest reason to prefer Flower is its dance partner in convenience store kingpin **Alimentation Couche-Tard**, which has steadily grown its vested stake over the past few years. Couche-Tard's adjacency project that saw Fire & Flower stores open next to Circle K locations has reportedly been a great success. Should the mutually beneficial partnership continue to yield fruit, I think Couche could continue adding to its stake in Flower or potentially acquire it outright at some point down the road.

StorageVault Canada

StorageVault Canada (TSXV:SVI) is a self-storage company that's averaged 36% in top-line growth over the last three years. The pandemic has slowed StorageVault stock in its tracks. Still, once COVID-19 is conquered, I suspect many Canadians will be heading back to the inner city, and the "densification" trend will fuel renewed demand for self-storage units.

The stock trades at 10.6 times sales and 8.5 times book. It's not the cheapest name on this list, but at just \$4 and change, the stock is a great way growth play for small retail investors who seek upside in a post-pandemic environment.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:FAF (Fire & Flower)
2. TSX:FOOD (Goodfood Market)
3. TSX:SVI (StorageVault Canada Inc.)

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