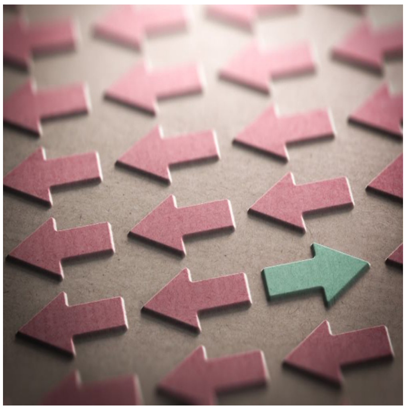

1 Contrarian Canadian Stock Under $5 That's on My Radar Right Now

Description

It's tempting to buy shares of businesses you deem wonderful, even if the price is a tad on the pricey side. With the broader markets flying higher into the summer, valuations, in aggregate, tend to be on the higher end of the historical spectrum. As such, it's wise to create a watchlist of top Canadian stocks you'd love to own had they been just a little bit cheaper.

Market corrections, crashes, and all the sort tend to hit when investors least expect. And they tend to strike quickly, leaving investors a very concise timespan to take advantage of opportunities at or near the bottom.

If you'd invested through the 2020 stock market crash, you'd know that it's not smart to lower the bar with limit prices as the market nosedives. When the markets are plunging by over 3-5% in a single trading session, it's tempting to lower the bar and pass on the stocks you would have otherwise bought had there not been something horrific startling investors.

Unexpected shocks, negative surprises, and black swan events can cause the markets to have a temporary moment of severe inefficiency. To take advantage of such mispricings, you've got to have a list of names you're targeting with a price range you'd be willing to buy at.

Make a list; check it twice!

By having a watchlist of names with desired prices (which should be well below your estimate of its intrinsic value), you'll be ready to act when the opportunity finally comes knocking. In the heat of the moment, you'll be overwhelmed if you haven't done a bit of homework beforehand, minimizing the risk you'll be left empty-handed after a market selloff comes and goes.

Moreover, by maintaining a watchlist, you'll also be able to track divergences between a stock of interest and the broader markets. How many times have you forgotten about a name that you would have bought had you known it plunged below a price you'd deem as desirable? In this market, where certain baskets of stocks are doing most of the heavy lifting for the indices (commodities and financials for the **TSX Index**), it can really pay dividends to make a list and check it twice!

Without further ado, here is one great firm on my watchlist that is starting to look attractively valued, even in today's frothy market.

StorageVault Canada

StorageVault Canada (TSXV:SVI) is my favourite TSXV stock. As to why it's yet to graduate is anyone's guess. Despite trading on the venture exchange, the stock is actually safer than many of its bigger brothers on the **TSX Index**. In a nutshell, SVI is a play on the Canadian self-storage industry, which is growing at a solid rate. Amid the pandemic, moving to the suburbs and rural areas has been all the rage amid the work-from-home (WFH) shift. Moving to larger places in the suburbs means less need for real estate for your "stuff."

While the move to the suburbs has been quite the theme for 2020 and 2021, I think it will stall out, and people will be headed back to the inner city. Downsizing and locating close to their workplaces. I think the work-from-anywhere trend will remain well after the pandemic ends. But I think most workplaces will require employees to come into the office at least a few times a week. And with that, I suspect a "reversion to the inner city" on the other side of this pandemic, as the suburb appeal winds down.

StorageVault is a great way to play such a reversion to the mean. Shares have been a rocky ride amid the pandemic, but I think the demand for self-storage units could surge again, and contrarians will want to punch their ticket well beforehand while shares are still cheap.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. TSX:SVI (StorageVault Canada Inc.)

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