4 Cheap (Under-$20) Stocks to Buy With $500

Description

The Canadian stock market continues to trend higher, thanks to the investors' optimism over the ongoing vaccination, steady economic expansion, expected rise in consumer demand, and revival in corporate earnings. While most of the top TSX stocks have appreciated, shares of a few fundamentally strong Canadian companies are still trading cheap.

We'll focus on four such Canadian stocks that are priced under $20 and have good growth prospects. So, if you can spare $500, consider adding these stocks to your portfolio right now.

Cineplex

Cineplex (TSX:CGX) is the first stock that should be on your radar as a return to normalcy and recovery in consumer demand could significantly boost this under-$20 stock. Cineplex's operations were hit hard as the pandemic ravaged the world. The closure of its theatre chains and other entertainment venues took a significant amount of toll on its stock price.

However, easing lockdown measures and ongoing vaccination has driven a 94% growth in its stock in one year. Despite the recent rally, it still has further room for growth. The stock is trading cheaper than its pre-COVID levels and could deliver outsized returns, as its operating and financial performance improve.

I expect a gradual improvement in its traffic in the coming quarters. Meanwhile, a strong slate of films, focus on reducing operating costs, and expected decline in the net cash-burn rate could cushion its financials and support the uptrend.

StorageVault Canada

StorageVault Canada (TSXV:SVI) is another cheap (under-$20) stock with solid growth prospects. The storage company has gained 535% in five years and 2,328% in the past decade. The significant appreciation in its stock came on the back of its solid top-line growth and strategic acquisitions.

Its dominant positioning in the Canadian market and barriers to entry support my bullish view on the stock. I believe the company has solid growth opportunities in its storage business and is well positioned to sustain the business momentum.

I expect StorageVault to benefit from higher occupancy, rising rental space, solid M&A pipeline, operational efficiency, and substantial funds from operations.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) has delivered exceptional returns in the past and has rallied over 5,145% since it got listed in 2017. The rally in its stock is fueled by its solid financials and appetite for acquisitions.

WELL Health's software and services segment continues to grow rapidly, contributing meaningfully to its overall revenue. Further, improving profitability augurs well for future growth.

I believe WELL Health could deliver outsized returns in the future, reflecting accretive acquisitions and solid organic growth opportunities. The rising demand for telehealth services, digitization of clinical assets, cost-saving measures, and robust operating cash flows bode well for future growth. It continues to trade cheap and is an attractive long-term pick.

Kinross Gold

Kinross Gold (TSX:K)(NYSE:KGC) stock is undervalued compared to peers and is trading cheap. The gold producer's diversified portfolio of low-cost mines and a strong pipeline of growth projects could continue to drive its future cash flows. Further, the company is poised to deliver solid profits in the future on the back of higher production and lower costs.

Kinross Gold stock trades at a lower EV/EBITDA multiple of 4.3 compared to its peers. It offers a quarterly dividend of US$0.03 per share, representing a decent yield of 1.9%. Meanwhile, the stock has shown healthy correction this year, providing a solid buying opportunity.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:CGX (Cineplex Inc.)

3. TSX:K (Kinross Gold Corporation)
4. TSX:SVI (StorageVault Canada Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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Date
2025/08/21
Date Created
2021/07/13
Author
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