3 Cheap Canadian Stocks Under $10 to Buy in July 2021

Description

Small-cap Canadian stocks have not enjoyed the same price recovery as their larger **TSX Index** peers in 2021. Consequently, this is still one segment that presents attractive value in the market today. Small-cap investors need to be prepared for ample volatility. You need a strong conviction and a long-term mindset. If you are prudent and pick profitable businesses, you can unlock outsized returns.

Often, these businesses end up being acquired, or they just become strong market leaders over time. They are often misunderstood by the market, so the key is to be patient and stick with your conviction. Given this, here are three Canadian stocks trading under $10 that look like intriguing buys in July 2021.

An undervalued communications provider

Speaking about volatility, **Sangoma Technologies** (TSXV:STC) has seen its fair share of it this year. It trades for $2.80 per share and has a market capitalization of $375 million. Year-to-date the stock is down 20%. While that doesn't make this investment sound very attractive, fundamentally, it has a very good business.

Sangoma provides omni-channel communications solutions for small- to medium-sized businesses across the world. It seeks to be a one-stop shop with a large array of solutions. It just completed the acquisition of a similar-sized peer in the United States. That should help it expand its geographic scale and also enhance its product offering.

As well, it will have one of the highest gross margin profiles (around 75%) in its industry. Sangoma expects to grow EBITDA by 39% this year. Compared to its larger American peers, this Canadian stock is very cheap, but I don't expect it will be for long.

A top Canadian beverage stock

Andrew Peller (TSX:ADW.A) is a great Canadian value stock that is an interesting pandemic "reopening" play. It is one of Canada's largest producers and distributors of wines and spirits. Likewise,

it operates a number of vineyards, tasting rooms, and hospitality businesses. The company has been expanding its omni-channel sales avenues over the past few years, so its results actually fared well through the pandemic.

Chances are good that as the world reopens, [demand for premium drinking and dining](#) experiences should be high. As a result, this business could see a nice recovery in its margins. Likewise, demand for travel and leisure should also help its hospitality business recover. At around $9 per share, this Canadian stock is cheap with a price-to-earnings ratio of only 13 times!

A top Canadian infrastructure stock

As countries recover from the pandemic, infrastructure spending is going to be an important way to stimulate economic growth again. That could bode very well for **H20 Innovation** ([TSXV:HEO](#)). This Canadian stock trades for only $2.20 per share. It has a market capitalization of $180 million.

It provides industrial-grade water solutions for utilities, municipalities, and businesses. Water is increasingly becoming a scarce resource. H2O provides the infrastructure solutions to help better clean, preserve, and manage that resource.

Consequently, it is really well positioned to benefit from a new infrastructure upgrade cycle. This company has steadily been improving margins, growing revenues, and expanding adjusted EBITDA. It only trades with an enterprise value-to-EBITDA of 13 times, which is less than half that of its larger peers. Despite its stock recently declining, its business keeps getting better. For investors looking for a quality ESG stock to own for the long run, H20 has very interesting investment profile.

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