



1 Under-\$10 Canadian Stock That Could Charge Higher

Description

At just \$9 and change, shares of **Goodfood Market** ([TSX:FOOD](#)) are one of the better under-\$10 [growth](#) plays on the TSX. The \$725 million meal-kit delivery company is staging a recovery after a brutal 50% peak-to-trough decline that wiped out many weak-handed investors. Undoubtedly, the road ahead is uncertain. As COVID-19 abates, pandemic tailwinds could fade, and the company's sales could tank for reasons outside of its control. But let's not rule out the reverse scenario that sees lockdown stocks soar again.

A return to Canadian lockdown stocks in the cards?

Given the likelihood of a fourth wave in Canada, though, recent strength in Goodfood stock may be a sign of things to come. The [coronavirus](#) keeps mutating, and with every variant of concern comes a lower chance that the world will eliminate COVID-19. Could we be in for seasonal COVID-19 surges and a pick-up in meal-kit orders? This very well may be the case. And as we enter the early innings of the fourth Canadian wave of COVID-19, we could see Goodfood stock make a run for its all-time highs near the \$14 mark.

Indeed, the vicious selloff in Goodfood stock appears to have been overblown. At the time, it seemed like vaccines were poised to conquer the pandemic, and it would be the reopening plays that would outshine the lockdown stocks like Goodfood. Just as investors braced themselves for a massive amount of subscription cancellations, it seems like the tides are turning in Goodfood's favour again, potentially for the rest of the year, as lockdown stock inflows may very well pick up again.

A brilliant manager who's defied the odds

For the stay-at-home plays, the macro picture is starting to improve again. But that's not the only reason to load up on Goodfood stock while it's still under \$10. You see, Goodfood is a very well-run company under its founder and CEO, Jonathan Ferarri.

The man knows that the meal-kit scene is competitive, and to thrive; he'll need to deliver more value to

its customers. Margins are already quite decent, and they've shown signs of improvement over the years. With new grocery add-on items thrown into the basket, I think Goodfood is shaping up to be the perfect name to own ahead of what could be a second round of rotation away from reopening stocks to the lockdown plays.

Doubt the subscription growth numbers all you want. I think Ferarri and his team have what it takes to win the game of retention, which will separate the real winners from losers in the meal-kit delivery market.

A top under-\$10 Canadian stock to play the long game

Fellow Fool contributor Amy Legate-Wolfe is a big fan of Goodfood Market, even assuming the pandemic comes to an end sometime soon. She stated that the company is making all the moves to solidify its position over the long term. She's right. Ferrari is all about playing the long game.

Given the likelihood that variants will prolong this pandemic through 2022, I'd argue that Goodfood's growth story is now that much better. As such, Foolish investors should look to buy the under-\$10 stock with it still trading at under two times sales. For the growth you'll get, that's cheap.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. metienne

Category

1. Investing

Date

2025/07/19

Date Created

2021/08/07

Author

joefrenette

default watermark

default watermark