



## 3 Top Canadian Stocks to Buy Under \$20

### Description

The Canadian equity markets continue to rise, with the **S&P/TSX Composite Index** reaching a record high on Wednesday. Higher commodity prices and solid employment numbers in the United States have driven the index higher. Currently, the index trades around 17% higher for this year. So, amid increased investors' optimism, here are three top Canadian stocks that you can buy below \$20 to earn superior returns over the next two years.

### Absolute Software

Yesterday, **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) [reported](#) a mixed second-quarter performance. Its top line beat analysts' expectations, while its adjusted EPS missed expectations by a considerable margin. The company's management has blamed the weakness in the education vertical due to the global shortage of semiconductors and supply-chain disruptions for lower net dollar retention. Amid weaker earnings, the company lost over 17% of its stock value yesterday.

However, Absolute Software's growth prospects look healthy amid growing remote working and learning culture. The company is focusing on enhancing and expanding its product offerings to meet the growing needs of its customers. Further, it also acquired NetMotion Software in July, strengthening its competitive positioning in the endpoint resilience market and boosting its financials. So, I believe the correction provides an excellent buying opportunity for long-term investors. It also pays a quarterly dividend of \$0.08 per share, with its yield standing at 2.3%.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which provides utility services, such as electricity, water, and natural gas, to around one million customers, is my second pick. It is also involved in renewable power production while selling the power through long-term contracts. Supported by these low-risk and regulated businesses, the company has delivered over 66% of returns in the last five years.

Algonquin Power & Utilities has also rewarded its shareholders by raising its dividend by over 10% annually in the last 11 consecutive years. It currently pays a quarterly dividend at a healthy yield of 4.21%. Meanwhile, its financials could continue to grow amid the favourable market conditions and its planned investments. People, businesses, and governments are slowly shifting towards clean energy amid rising pollution levels, benefiting Algonquin Power & Utilities. The company has also planned to invest around \$9.4 billion through 2025, expanding its utility and renewable assets. So, I believe [Algonquin Power & Utilities could be an excellent buy right now.](#)

## Goodfood Market

My final pick is **Goodfood Market** ([TSX:FOOD](#)), which has returned over 460% since going public in June 2017. Meanwhile, the uptrend could continue amid the increased adoption of online shopping. The company continues to strengthen its same-day delivery capabilities while expanding its product offering. It recently launched its new mobile application and first automated fulfillment centre in Ottawa.

Further, the company is investing in automation and expand its production capabilities to meet the rising demand. Along with these initiatives, the growing customer base, geographical expansion, and strengthening of its last-mile delivery capabilities could boost its financials in the coming quarter. With its cash standing at \$128 million as of May 31, the company is well equipped to continue with its growth initiatives. Despite its healthy growth prospects, the company trades over 30% lower from its January highs. So, investors with two years of investment horizon could buy the stock to earn higher returns.

### CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:ABST (Absolute Software)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FOOD (Goodfood Market)

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