



3 Cheap TSX Stocks to Buy Under \$20 Right Now!

Description

It's amazing to think that the **TSX stock index** is up nearly 20% in 2021! Despite the pandemic, an election, and geopolitical concerns across the world, the Canadian stock market remains resilient.

While that momentum may not last forever, there certainly is an element of FOMO (fear of missing out) in the market right now. Fortunately, there are still some opportunities to buy cheap, [undervalued stocks](#). In fact, here are three diverse TSX stocks that are still cheap trading below \$20 today.

A TSX tech stock at a bargain

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) trades for around \$15 per share today. That leaves it with only a small 3% gain in 2021. In its results for the fourth quarter 2021, the company projected lower-than-expected adjusted EBITDA margins for 2022. The market reacted, and the stock has pulled back since. Yet this is an interesting TSX stock.

Over 500 million devices have its firmware imbedded. In a work-from-anywhere world, its solutions are imperative for businesses to connect, monitor, and keep their data and hardware safe.

Over the past four years, it has grown adjusted EBITDA by a 51% compounded annual growth rate (CAGR). It just made a large acquisition that could take some time to integrate. However, if it can achieve its targets, it would be very accretive over the longer term.

The company produces very high recurring revenues of about 95%. As a result, it can afford to pay out a nice 2% dividend. Themes like cybersecurity and working from home all support solid growth opportunities for this TSX stock. As a result, it looks interesting today.

An energy consolidator

Superior Plus ([TSX:SPB](#)) also trades around \$15 per share. It pays an attractive 4.8% dividend today. This TSX stock has pulled back after demonstrating some weather-affected results in its most recent

quarter. Yet, for a mid-term hold, I like this stock.

Superior is Canada's largest propane distributor. Likewise, it is fast-growing to become a leader in the United States. While propane does experience seasonality, it is essential for heating and cooling millions of homes and businesses. As a whole, Superior capture pretty consistent cash flows that help fund its ample dividend.

Superior has accelerated growth by consolidating smaller players in North America. In 2021, it has deployed nearly \$600 million in acquisitions. While it is somewhat a boring business, it has grown adjusted EBITDA by a six-year CAGR of 26.5%. Despite that, this TSX stock trades for 11 times earnings. That is [a pretty attractive bargain](#) today.

An undervalued TSX utility stock

As the stock market gets more frothy, I expect investors will begin to position more defensively. Consequently, **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) looks like an attractive TSX stock to buy. This cheap stock trades for \$19.50, and it pays a great 4.4% dividend.

70% of Algonquin's cash flows are derived from very stable regulated utilities. Consequently, it captures a solid baseline of predictable streams of cash. Over the past few years, it has directed its excess capital to build out a large renewable power portfolio.

The company is particularly apt at transitioning traditional energy-reliant utilities to clean renewables. Today, it is fast greening its own fleet. Yet its expertise could open up [opportunities](#) to help other legacy energy businesses and utilities transition to green energy (i.e., through acquisitions or joint ventures).

This TSX stock is down 6% year to date. However, it looks like a great stock to hold for defence, income, and even growth today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. TSX:ABST (Absolute Software)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:SPB (Superior Plus Corp.)

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