



3 Cheap (Under-\$20) Canadian Stocks to Buy in September 2021

Description

The Canadian stock market remains strong, despite the uncertainty and fear related to the Delta variant of COVID-19. Amid the strong buying, investors could find it tough to pick high-growth and high-quality stocks that are priced low.

With low-priced (trading under \$20) and high-growth stocks in the backdrop, I have shortlisted three stocks that are trading cheap, are well within investors' reach, and remain well positioned to deliver solid returns in the medium to long term.

Goodfood Market

Goodfood Market ([TSX:FOOD](#)) is a solid bet for investors looking for growth stocks trading under \$20. Notably, the company benefitted significantly from the acceleration in digital shift amid the pandemic. Thanks to the higher spending on e-commerce platforms and increased adoption of its online grocery services, Goodfood Market stock surged over 287% in 2020.

While I see some moderation in the growth rate in 2021 due to the normalization in demand and reopening of the economy, I'm bullish on its long-term prospects.

Goodfood Market stock could deliver stellar returns on the back of elevated demand for online grocery services. The company's strong competitive positioning, growing scale, and robust delivery capabilities will likely drive market share and support its growth. Meanwhile, expansion of its online grocery offerings, targeted marketing, and focus on reducing delivery time will likely drive its customer base and increase the order frequency and basket size.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a low-risk growth stock that has consistently outperformed the benchmark index and is trading under \$20. Its strong total shareholders' returns reflect double-digit growth in its earnings, robust cash flows, and benefits from strategic acquisitions.

The company has regularly rewarded its shareholders with higher dividend payments due to its solid earnings base and predictable cash flows. Notably, Algonquin Power & Utilities has raised its dividend at a CAGR of 10% in the past 11 years and currently offers a safe and healthy yield of 4.4%.

Thanks to its rate-regulated assets and contractual framework, I believe its earnings could grow at a decent pace in the coming years, supporting its dividend payouts. Further, it projects its rate base to increase at a double-digit rate in the next five years, which is encouraging. Meanwhile, its growing renewable power capacity and focus on strategic acquisitions will likely bolster its [future growth](#).

Absolute Software

Investors could also consider adding **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) stock to their portfolios at the current levels. Absolute Software stock has witnessed a healthy correction of over 20% in six months, providing an opportunity to go long. This under-\$20 stock is also trading at a lower valuation than its peers, making it an attractive bet. Notably, Absolute Software is trading at the next 12-month EV/sales multiple of 2.4, which is [well within reach](#) and significantly below peers.

I believe the tech stock has ample upside due to the higher demand for its security products. Further, the strong pipeline of new products, its large addressable market, and increased spending on cybersecurity threats could support the growth in its annual recurring revenues and push Absolute Software stock higher.

Meanwhile, the recent acquisition of NetMotion will likely diversify its product portfolio, strengthen its competitive positioning, and boost its financials. In addition, the company's cross-selling opportunities, debt-free balance sheet, and channel and geographic expansion bode well for future growth.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

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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:FOOD (Goodfood Market)

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