Stocks Under $50: My Top 3 Picks

Description

The ongoing economic expansion, recovery in consumer demand, and lower interest rates have made stocks an attractive investment option. Due to upbeat investor sentiments, most Canadian stocks have rallied over the past year and are trading near their 52-week highs. Despite the appreciation in value, shares of a few high-growth Canadian companies are trading under $50, making them well within reach of every investor.

So if you are looking to invest in high-quality stocks priced under $50, consider buying these three stocks now.

Well Health

One could consider buying the shares of rapidly growing **WELL Health Technologies** (TSX:WELL). The telehealth company continues to acquire clinical and digital assets that accelerate its growth and support its financials. Notably, the company has delivered positive adjusted EBITDA in the past three quarters. Furthermore, it remains on track to deliver annualized revenue and adjusted EBITDA run-rate of $400 million and $100 million, respectively.

WELL Health stock has witnessed a slight pullback this year, which in my opinion, is an opportunity to buy. Its strong and active pipeline of acquisitions, expansion in the U.S., and growing market share in the large digital health sector augur well for growth. Meanwhile, strength in the underlying business, focus on optimization of costs, and expansion of EBITDA support my bullish outlook.

Goodfood Market

The digital shift, increased adoption of online grocery services, growing grocery selection, and same-day delivery capabilities make **Goodfood Market** (TSX:FOOD) a solid investment under $50. Furthermore, its growing basket size, fixed cost leverage, and last-mile delivery optimization augur well for margins, in turn, its stock price.

Goodfood Market has evolved as Canada's leading on-demand online grocery service provider. It continues to add new grocery products on its platform and is close to reaching the 1,000 SKUmilestone ahead of expectations. While economic reopening could moderate its growth, I maintain a bullish outlook due to its strong competitive positioning in the growing online grocery market. Further, its growing active subscriber base and focus on reducing delivery time and optimization of cost structure provide a solid base for growth.

Dye & Durham

Like WELL Health, **Dye & Durham** (TSX:DND) is another company in the tech space that's expanding rapidly. Dye & Durham's revenues and adjusted EBITDA have grown at a breakneck pace, thanks to accretive acquisitions and strength in the base business. Meanwhile, its focus on revenue diversification, large blue-chip customer base, strong renewal rate, solid balance sheet, and high reoccurring revenues bode well for future growth.

Thanks to its strong financials, Dye & Durham stock has appreciated quite a lot over the past year. However, it has witnessed a healthy pullback in 2021, providing investors a solid opportunity to go long on its shares. I believe the reopening of courthouses and increased economic activities will keep the demand for Dye & Durham's products and services elevated. Further, its strong acquisition pipeline, predictable business model, and long-term contracts with top 100 customers will likely support its growth.

Overall, Dye & Durham's strong business, solid capital allocation strategy, focus on growing market share, and driving higher revenues from existing customers suggest that the company could continue to grow its revenue and adjusted EBITDA rapidly, which in turn will likely support the rally in its stock.

CATEGORY

1. Coronavirus
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:FOOD (Goodfood Market)
3. TSX:WELL (WELL Health Technologies Corp.)

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