1 Cheap Stock up 60% This Year and Climbing!

Description

Motley Fool investors looking for a cheap stock providing solid growth are finding fewer options these days. The markets are strong, with the **TSX** today up 28% in the last year alone. But what if I told you there was another cheap stock that has done more than *double* that amount? And what's more, it is currently going through a breakout. Let's dig in and find out whether this cheap stock is set to soar even higher, as analysts predict.

But first, the breakout

If Motley Fool readers aren't familiar, a breakout happens when a company's share price move above or below a resistance area. A positive breakout would mean there is enough momentum to move above a former high. But what's more, it's moving beyond that former high share price in a consistent way. So, it's not just a jump that could drop, such as a short squeeze. A positive breakout means the company should continue to move beyond that former share price, as it continues its recent growth trajectory.

The company I'm going to focus on today has a resistance about $76 per share. As of writing, it trades at $71 per share. Analysts believe that given the positive momentum from the cheap stock, it will continue to rally towards its record high, which is currently just 8% from that target. What's more, analysts give it a complete "buy" or "strong buy" recommendation, given its valuation and future outlook. So, let's look at the stock.

iAG Financial

Motley Fool investors seeking a strong company on the TSX today should definitely consider **iAG Financial** (TSX:IAG). The insurance and financial company is up 60% in the last year and 31% in 2021 alone. Analysts believe the stock has further room of at least 17% in the next year, so more than double what is predicted to reach all-time highs.

Management has stated recently that it remains completely focused on growth. This was reiterated during a recent earnings call, specifically looking at organic growth by investing in technology. There has been a restriction on dividends for the cheap stock as well that the company is looking to lift. It plans to base its dividend-payout ratio on core earnings and not reported earnings. Beyond that, iAG is looking to continue its growth path through acquisitions as well and share buybacks to boot.

These moves provide Motley Fool investors with a strong long-term option for their portfolios. Even during the pandemic, the company managed to deliver core earnings-per-share growth of 9% year over year. As for its dividend yield, it currently has a yield of 2.78% that's grown at a compound annual growth rate (CAGR) of 7% in the last decade. During that time, shares increased by a 12% CAGR. Yet again, analysts believe the cheap stock is due to rally by another $10 to $20 in the next year alone! And yet it remains a steal, with a P/E ratio of 9.58, an EV/EBITDA of 6.7, and a P/B ratio of 1.2.

Foolish takeaway

There is significant room for expansion from this cheap stock in the near and distant future. Investors can look forward to a continued breakout from the company, trending towards all-time highs. If you're a Motley Fool investor looking for a deal on the TSX today, with almost guaranteed dividend increases in the near future, iAG Financial is a strong choice.

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1. Dividend Stocks
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alegatewolfe