Stocks Under $20: Top 3 Picks for October 2021

Description

Buying high-growth, lower-priced stocks could help generate a significant amount of wealth in the long run. Furthermore, the economic expansion, stellar recovery in corporate earnings, improvement in consumer demand, and lower interest rates suggest that stocks could deliver strong returns in the coming years.

However, investors need to take caution, as not all cheap stocks are worth investing in, and there could be good reasons behind a stock's lower price. In this article, I'll focus on three high-growth TSX stocks that are priced under $20. These stocks have multiple growth vectors and are well positioned to outpace the benchmark index.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) stock is my first pick trading under $20, which I believe could beat the broader markets by a wide margin in the long run. The company has recently delivered solid quarterly results, benefiting from the strength across its business units. While its cybersecurity business gained from higher billings and new product launches, its IoT (internet of things) segment benefitted from its growing customer base, design activities, and dominant positioning in the market.

I believe BlackBerry has solid growth opportunities that will likely drive its stock higher. It projects its total addressable market to reach $89 billion in 2025 from $38 billion in 2020, indicating its solid growth ahead. Furthermore, the company would benefit from the increased spending on cybersecurity amid the rise of digitization. Meanwhile, a recovery in the automotive market and favourable industry trends, including automation and electrification, provide a strong foundation for growth in its stock.

Well Health

WELL Health Technologies (TSX:WELL) is my next (under-$20) pick that, in my opinion, has solid upside potential. The telehealth company has been rapidly growing, which is well reflected in its solid financials. Notably, WELL Health has delivered positive adjusted EBITDA for three quarters in a row.

Moreover, WELL Health in on track to deliver annualized revenue and adjusted EBITDA run rate of $400 million and $100 million, respectively.

Looking ahead, I believe its acquisition of clinical and digital assets, expansion opportunities in the U.S., and growing market share in the digital health sector could accelerate its growth. Meanwhile, its solid underlying business, a strong pipeline of acquisitions, and cost optimization will support its financials and drive its stock higher.

Goodfood Market

I'll wrap up with **Goodfood Market** (TSX:FOOD) stock. Investors should consider this solid investment priced under $20. The consumer shift towards online grocery services and increased spending on e-commerce platforms support my bullish outlook. While the normalization in demand could moderate its growth rate, I remain optimistic about Goodfood due to its market-leading position in the domestic market and strong fulfillment network.

I believe Goodfood Market stock could continue to gain big from the expansion of its grocery selection and same-day-delivery capabilities. Furthermore, its growing basket size, fixed cost leverage, and last-mile delivery optimization augur well for margins and, in turn, its stock price. Meanwhile, its growing subscriber base, focus on reducing delivery time, and targeted marketing bode well for future growth.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:FOOD (Goodfood Market)
4. TSX:WELL (WELL Health Technologies Corp.)

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