Under-$10: 3 TSX Stocks I'd Buy Now!

Description

Creating wealth through investing in cheap stocks is not easy and is often a risky strategy as there could be good reasons why a stock is trading cheap. However, it doesn't mean that all low-priced stocks are bad, as plenty of top-quality stocks listed on the Canadian stock exchanges are trading cheap and have good growth prospects. This article will focus on three fundamentally strong stocks priced under $10.

Kinross Gold

The weakness in gold prices has taken a toll on **Kinross Gold** (TSX:K)(NYSE:KGC) stock. It has lost a considerable portion of its value (declined over 37% in one year) and is trading under $10. While gold prices have cooled off, I'm bullish on its long-term prospects of Kinross Gold and see this dip as a solid buying opportunity, but strictly for long-term investors.

I believe its high-quality, low-cost production and increased exposure to gold position it well to deliver strong sales and margins, which will likely drive its stock.

Notably, Kinross Gold owns a diversified portfolio of low-cost mines that supports its margins. Moreover, its strong project pipeline, healthy balance sheet, and robust cash flow generation capabilities augur well for growth. Thanks to the recent decline in its price, Kinross Gold is too cheap to ignore at levels. It trades at an EV/EBITDA multiple of 3.7, significantly lower than its historical average, and compares favourably to its peers.

StorageVault Canada

Shares of **StorageVault Canada** (TSXV:SVI) have gained over 88% in one year. However, its stock is still priced under $10, which is well within every investors' reach. Its strong fundamentals and market-leading position in the domestic market make it a solid long-term buy.

The storage company has delivered a solid financial performance in the past on the back of the continued strength in its underlying business, strategic acquisitions, and cost optimization. Looking ahead, I expect StorageVault's growing rental space, organic growth opportunities, higher occupancy, and operational efficiency could continue to support its growth. Further, its robust M&A pipeline and the significant barriers to entry bode well for growth.

Thanks to its stellar earnings base, I expect StorageVault to enhance its shareholders' returns through regular dividend payments. Meanwhile, the company expects to become cash-flow positive in 2022, which is encouraging.

Hexo

Though the cannabis sector is highly volatile, I recommend **Hexo** (TSX:HEXO)(NASDAQ:HEXO) stock to long-term investors due to its acquisitive nature and higher growth prospects. Hexo stock has declined about 53% this year and looks attractive at current levels. The company's recent acquisitions, including Zenabis, Redecan, and 48North are likely to increase its market share in the adult-use cannabis market.

Its high-quality and innovative products would accelerate its growth rate and boost its market share. Meanwhile, its focus on aligning production per market demand, streamlining its operations, and lowering operating costs will drive profitability, in turn, its stock. Further, its expansion of distribution across all Canadian provinces augurs well for growth.

Bottom line

As these stocks are trading cheap, you don't require a lot of money to start investing. However, I would encourage investors with only a long-term outlook to buy these stocks.

CATEGORY

1. Cannabis Stocks
2. Coronavirus
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2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:HEXO (HEXO Corp.)
4. TSX:K (Kinross Gold Corporation)
5. TSX:SVI (StorageVault Canada Inc.)

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