



3 Best Stocks Under \$5 I'd Buy in Canada Now

Description

Price-conscious investors can still earn big or derive outsized gains by investing in [price-friendly](#) stocks. **Diversified Royalty** ([TSX:DIV](#)) and **Tamarack Valley Energy** ([TSX:TVE](#)) or **Crew Energy** ([TSX:CR](#)) won't dent your budget because all three trade under \$5 per share.

The multi-royalty corporation pays a generous 7.27% dividend, while the energy stocks have [explosive returns](#) thus far in 2021. If you buy them now, your income or windfall next year would be considerable.

Recovering from the downturn

Diversified Royalty trades at only \$2.80 per share. If you plan to maximize your Tax-Free Savings Account (TFSA) limit for 2022, your \$6,000 can buy nearly 2,143 shares of the royalty stock. Your money will produce \$436.20 in tax-free [passive income](#).

The \$347.19 million company owns the trademarks to six, well-established businesses in North America. AIR Miles, Mr. Lube, Mr. Mikes, Sutton, Nurse Next Door, and Oxford Learning Centre are the royalty partners. The royalty streams from these top franchisors were consistent until the global pandemic struck in 2020.

However, the businesses have shown resiliency and are gradually recovering from the economic downturn. In the nine months ended September 30, 2021, DIV's royalty income increased 20.39% to \$30.32 million versus the same period in 2020. Net income hit \$15.28 million compared to the \$9.73 million net loss compared to the prior year period.

For the first three quarters in 2021, the company generated \$3.1 million in cash from operating activities and paid a total of \$18.5 million in dividends.

Soon-to-be dividend stock

Tamarack Valley reported strong financial and operational results in Q3 2021. The \$1.5 billion oil and

gas exploration and production company generated \$102.5 million in adjusted funds flow during the quarter, a 232.79% increase from Q3 2020. Its quarterly production volume of 41,256 boe/d represents a 92% jump from the same period last year.

Because of the solid results, Tamarack president and CEO Brian Schmidt announced the company's inaugural dividend and return of capital framework. In January 2022, management will initiate a sustainable base monthly dividend. Also, it hopes to distribute up to 50% of free funds flow as Tamarack meets its long-term debt target.

Current Tamarack investors enjoy a 182.68% year-to-date gain. The share price is only \$3.58 if you invest today.

More sustainable value for shareholders

Crew Energy is on fire and outperforms both the energy sector (+77.26%) and the TSX (+21.78%). At \$2.79 per share, the year-to-date return is an eye-popping 398.21%. Had you invested \$6,000 in this energy stock on year-end 2020, your money would have grown to \$29,892.86 today.

This \$429.15 million growth oriented natural gas weighted producer is cash-rich after three quarters in 2021 because it benefits from higher crude prices. Crew president and CEO Dale Shwed said, "Crew benefitted from positive market developments in the third quarter as commodity prices reached levels unseen in recent history."

Shwed adds that management is excited to advance its two-year plan. By increasing production in a strengthening commodity price environment and reducing costs to expand margins, Crew will create sustainable value for shareholders.

Massive earnings

Canadians don't need significant capital to invest in the stock market. The share prices of Diversified Royalty, Tamarack Valley, and Crew Energy belies their massive earning potentials.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CR (Crew Energy)
2. TSX:DIV (Diversified Royalty Corp.)
3. TSX:TVE (Tamarack Valley Energy Ltd)

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