



## 3 Cheap Canadian Stocks to Buy Under \$20

### Description

With the initial data suggesting the Omicron variant to be less severe, the Canadian equity markets have rebounded strongly, with the S&P/TSX Composite Index rising over 4% from last month's lows. Despite the recovery in broader equity markets, few Canadian stocks continue to trade at a cheaper valuation, providing excellent buying opportunities. Meanwhile, here are three cheap stocks that you can buy for under \$20 to earn superior returns over the next two years.

### Absolute Software

**Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) had a challenging 2021, with its stock price falling over 24%. Although the company reported a solid first-quarter performance in November, its stock fell, as investors are worried that the reopening of the economy could deaccelerate its growth. The pullback has dragged its valuation down, with its forward price-to-sales multiple standing at 2.2.

With the increased adoption of remote working and learnings, I expect the demand for Absolute Software's products and services to sustain, even in the post-pandemic world. The company is also [introducing innovative products](#) and upgrading its current platforms to increase its customer base and average revenue per customer. Also, the acquisition of NetMotion Software could strengthen its competitive positioning in the next-generation endpoint resilience market.

Given its growth potential and attractive valuation, I am bullish on Absolute Software. Meanwhile, it also pays quarterly dividends, with its forward yield standing at 2.77%.

### TransAlta Renewable

**TransAlta Renewables** ([TSX:RNW](#)) is another stock, which had a tough 2021. The company had lost over 10% of its stock price last year amid weakness in the green stocks. Given the growing transition towards clean energy, the correction provides an excellent buying opportunity. The company is continuing with its acquisition strategy to drive growth. In November, it acquired solar photovoltaic facilities in North Carolina, adding 122 megawatts of power-producing capacity. It also has over two

gigawatts of projects under the evaluation stage.

Along with these growth initiatives, TransAlta Renewable's solid underlying business, with long-term contracts, could deliver substantial numbers in the coming quarters. The company also rewards its shareholders by increasing its dividends consistently. Since 2013, it has increased its dividend at a CAGR of 3%. Meanwhile, its forward yield currently stands at a juicy 5.02%. Given the favourable environment, attractive dividend yield, and discount on its stock price, I am bullish on TransAlta Renewables.

## Savaria

My [final pick](#) is **Savaria** ([TSX:SIS](#)), which delivered impressive returns of over 31% last year, outperforming the broader equity markets. Despite the increase, it still trades at an attractive forward price-to-earnings multiple of 21.9. Meanwhile, I expect the uptrend to continue, given the favourable market condition. The demand for accessibility products could rise in the coming years amid the growing aging population and rising income levels, benefiting the company.

In March, Savaria had acquired Handicare, which expanded its product offerings, strengthened its production capabilities, and broadened its distribution channels. The acquisition has also expanded its revenue stream, with Handicare generating significant revenue from the European region. So, Savaria's growth prospects look healthy. Meanwhile, it also pays a monthly dividend of \$0.04 per share, with its forward yield standing at 2.60%.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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2. TSX:ABST (Absolute Software)
3. TSX:RNW (TransAlta Renewables)
4. TSX:SIS (Savaria Corporation)

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