



2 Top Stocks You Can Still Buy for Under \$20 a Share

Description

Buying stocks can be intimidating in a weak economy. But this is the time to buy, as most investors refrain from investing in the share market due to uncertainty if their shares would survive. One tip to trade in a bearish economy is to buy [large-cap](#) stocks with lower debt, as they are market leaders and ahead of the competition. They can give you stable growth. But if you want outperformers that can double or triple your money in the next five to eight years, you need to invest in mid- and small-cap stocks that are still in their growth phase.

Two stocks under \$20

Small- and mid-cap stocks are available for under \$20 a share and can give significant returns in a growing economy. But they come with a high downside and [volatility](#) risk, as they face competition from market leaders. Here are two shares under \$20 with strong fundamentals to survive a recession and the potential to grow significantly in a growing economy:

- **Dye & Durham** ([TSX:DND](#))
- **TransAlta Renewables** ([TSX:RNW](#))

Dye & Durham stock

Dye & Durham stock debuted in the 2020 tech bubble, surged to an all-time high and is back to where it started. The company provides legal and financial professionals with information management software that helps them improve work efficiency. It is expanding its business through acquisitions. But a few of these acquisitions have come under scrutiny that has pulled down the share price. Plus, the stock got caught up in a selloff.

DND's most anticipated acquisition of Australia's Link Group has undergone several revisions. Initially, DND lowered the offer price after the tech selloff, and now the competition regulator wants DND to [divest](#) some businesses. DND's TM Group (U.K.) acquisition has also come under competition regulator's scrutiny. These issues are pulling down the share price. But the company has a positive

operating cash flow of \$164 million and manageable debt of \$1.2 billion. This means the company can thrive, even without the above acquisitions.

DND continues to enjoy stable cash flow, even though its growth has slowed. It has a management buyout option, which it rejected last year, but the offer could resurface if the company faces challenges. If the above two acquisitions of Link and TM Group succeed, DND stock could surge double digits. If DND gets another management buyout offer, the stock could surge double digits. In either case, DND shareholders will stand to benefit.

The stock is oversold, so your downside risk is low at the current price of around \$16. The stock is unlikely to reach its pandemic high of over \$50, but it could reach \$30 on any new acquisitions. Its investing case might not look appealing, but that is the risk you have to take with a small cap, as the reward is double your money.

TransAlta Renewables stock

You can balance the risk from a growth stock with a dividend stock. In the current scenario, where oil and gas are heating homes, renewable power sources are easy to ignore. But electricity is a utility that will always be in demand. And the rate at which climate is changing, renewable energy could be in more demand in the future.

TransAlta Renewables develops and operates wind, natural gas, hydro, and solar power facilities. It has contracted its electricity output, which helps it generate predictable cash flows. Climate change and maintenance affect the electricity output, but it generates enough cash to pay regular dividends. TransAlta's 5.3% annual dividend yield and relatively stable stock price momentum can mitigate the downside risk of DND.

Investing tip

Whenever you buy a stock with high risk, balance it with a lower-risk stock. Remember, all your stocks won't perform well all the time. The trick is to build a diverse portfolio with a good risk-to-reward ratio. This ratio is good when a risky stock has a higher probability of generating significant growth and doubling your money, like the above two stocks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:RNW (TransAlta Renewables)

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1. Business Insider
2. Flipboard
3. Koyfin

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