2 TSX Stocks You Can Buy for Under $20 a Share

Description

Low-cost TSX stocks may seem cheap with more upside relative to the higher-priced blue chips out there. But that simply is not the case. Though lower-cost stocks allow smaller retail investors to gain more shares, investors should not mistake the price of a stock with its value. In any case, low-cost stocks tend to be indicative of small- or mid-cap stocks or stocks that have fallen too hard, too fast.

Currently, I'm a big fan of the mid-cap space, as Mr. Market tends to be slightly less precise at pricing them at close to their intrinsic value (or their true worth). In this rocky market, the mid-cap space could be key to outperforming the broader TSX Index. I'd encourage new investors to embrace mid-caps, especially those with lower share prices, but to put in the extra homework due to the propensity for mid-caps to overshoot in both directions.

Simply put, mid-cap investing is a great way to achieve superior risk-adjusted returns. That said, there's no excuse for not putting in due diligence prior to purchase.

Without further ado, let's have a look at two mid-cap stocks that investors can pick up for south of $20 per share at writing. Each name has a low share price and appears valued attractively following damage endured in the first half of 2022.

Storage Vault Canada

Storage Vault Canada (TSX:SVI) is a $2.46 billion self-storage firm whose shares go for just $6 and change at writing. Undoubtedly, StorageVault is a smaller mid-cap, but it's one that's far stabler than most large caps. The business of storage units is pretty easy to understand. In Canada, Storage Vault has done a great job of expanding and providing self-storage and portable storage services in target markets where they're needed.

Over the past year, the stock is up over 20%. More impressively, shares are up more than 181% in the last five years, all while exhibiting a bit less volatility than the broader market (0.83 beta).

Storage Vault recently delivered solid earnings, with nearly 14% growth in same-store net operating income (NOI). Adjusted funds from operations (AFFOs) — the equivalent of operating cash flows for REITs — rose 29%.

Indeed, the beat was robust, leading **National Bank** to hike its price target to $7.50.

Even with a recession, SVI seems difficult to stop amid “very strong” demand.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a renewable energy kingpin that’s fallen on hard times amid rising interest rates. Shares used to be a darling in TFSA portfolios, offering the perfect mix of capital gains and dividend growth. These days, the capital gains have stopped coming in, with the stock going virtually nowhere since the end of 2019. It’s been a rocky road, but the 5% dividend yield is still well covered and subject to above-average growth moving forward.

Recently, management reaffirmed guidance, with adjusted EPS (earnings per share) to fall into the $0.72-0.77 range. With a mere 1.7 times price-to-book, slightly below industry averages, I view Algonquin as a top-two stock pick at $18 and change per share.

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