3 Cheap Canadian Stocks to Buy Under $10

Description

Anyone can start investing in stocks with whatever amount they have. The TSX has several good quality stocks priced under $10, thus providing investors an opportunity to invest with a small saving. However, investors should take caution, as most of these low-priced stocks are highly volatile and could lead to higher losses.

So, for investors with an appetite for risk and the patience to buy and hold them, here are my three top picks that have the potential to deliver solid returns.

Payfare

Microcap fintech **Payfare** (TSX:PAY) is an excellent long-term stock trading under $10. It offers gig workers digital banking and payment services and has been growing rapidly. For instance, its top line jumped surged 285% year over year during the last reported quarter. Moreover, it delivered positive adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) during the same period.

Its strong growth reflects a continued increase in its active subscriber base, which stood at 883.4K at the end of the second quarter. The economic reopening, increased demand for ride-sharing and food delivery, and low customer acquisition costs augur well for growth. Payfare expects the momentum to sustain in the coming quarters and will likely continue buying back its shares.

StorageVault Canada

StorageVault Canada (TSX:SVI) is another Canadian company that is growing fast, and its stock is trading under $10. It offers rentable storage locations and is witnessing a strong customer demand. The momentum in its business has sustained, despite macro weakness. Investors should note that its top line increased by 34% in 2021. Meanwhile, its revenues grew by 30% in the first half of 2022.

Its growing rentable space, focus on diversifying its revenue base by expanding into professional records management services, and cross-promotion of its offerings bode well for future growth. Further, its short-duration rentals allow the company to manage inflation well. Other than the strength in its base business, accretive acquisitions are expected to accelerate its growth further and support its stock price.

WELL Health

WELL Health (TSX:WELL) has impressed with its growth, despite easing restrictions. This digital healthcare services provider is witnessing higher omnichannel patient visits, driving its revenues and adjusted EBITDA.

WELL Health's revenues increased by 127% during the most recent quarter. Meanwhile, its adjusted EBITDA more than doubled. Investors should note that WELL Health has been consistently delivering positive adjusted EBITDA for the past several quarters and expects to end 2022 on a profitable note.

While WELL Health continues to grow rapidly, the selling in tech stocks dragged it lower. It has lost over 50% of its value from the 52-week high. I see this correction in WELL Health stock as unwarranted. Given the selling, WELL Health stock is trading at a forward enterprise value-to-EBITDA multiple of 1.9, which is at a three-year low and provides a solid entry point.

Its low valuation, solid organic sales, benefits from acquisitions, and profitable growth makes it an attractive long-term pick.

CATEGORY

1. Investing

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2. TSX:SVI (StorageVault Canada Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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