The Smartest Stocks to Buy With $20 Right Now and Hold Forever

Description

The best part about stocks is that anyone can start investing with whatever amount they have. The Canadian stock market has several stocks that are trading under $20 and have the potential to grow further with time. But before I discuss my top picks, investors should take caution and avoid investing in stocks solely based on their low dollar price. Against this backdrop, let's look at some of the smartest stocks to buy under $20.

Payfare

Payfare (TSX:PAY) is a financial technology company that offers digital banking and instant payment solutions to the gig economy workforce. This microcap stock has lost about 50% of its value year to date. While its stock has dropped, it continues to produce strong financial performance, reflecting the strength of its business model amid a weak macro environment.

Payfare's revenues are growing rapidly (it marked 183% growth in the third quarter), reflecting a 156% jump in its active user base. Furthermore, the company has been generating positive adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), and its net loss moderated in the third quarter, which is encouraging.

The growing demand for food delivery and ride-sharing and its partnerships with leading gig platforms augur well for future growth. Moreover, its recurring revenue streams and low cost of customer acquisitions (it has low marketing costs, as partner gig platforms already have relationships with workers) provide a solid base for growth. Also, new product development, increased penetration, and its asset-light model will support the upside in Payfare stock.

WELL Health

Like Payfare, **Well Health** (TSX:WELL) has consistently delivered stellar financial performance. Further, WELL Health has been producing positive adjusted EBITDA over the past several quarters and has raised its guidance for the fourth time in 2022. Despite its strong performance and upbeat guidance, WELL Health has lost substantial value this year, owing to the selling pressure in Canadian technology stocks.

This correction in WELL Health stock is an opportunity for buying and holding this stock for the long term. The company has strong growth prospects and will likely deliver solid capital gains in the long run. Its growing omnichannel patient visits and momentum in the high-margin virtual services will likely support its growth.

This digital healthcare services provider has remained immune to macroeconomic and geopolitical headwinds. Meanwhile, management is confident that the momentum in its base business will sustain. Also, its focus on accretive acquisitions bodes well for growth. WELL Health is trading cheap, and the company expects to exit 2022 on a profitable note, which should boost its stock price.

Absolute Software

The accelerated pace of digital transformation and increase in cybersecurity threats continue to drive demand for **Absolute Software's** (TSX:ABST) security products. Further, its growing enterprise and government customer base provide a solid foundation for growth. While the widening of its loss weighed on its stock price, this pullback is an opportunity to go long.

Absolute Software's annual recurring revenues have been growing at a double-digit rate, indicating that the company will continue to generate strong revenues. Moreover, since 2018, its adjusted EBITDA has had an average annualized growth rate of 57%.

Absolute Software is poised to gain from higher enterprise spending on cybersecurity. Moreover, new customer wins, cross-selling opportunities, geographical expansion, and the strategic acquisition will accelerate its growth and drive its stock price higher.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:PAY (Payfare Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News

9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. snahata

Category

1. Investing
2. Tech Stocks

Date
2025/07/19
Date Created
2022/11/20
Author
snahata