



4 Best Canadian Stocks You Can Buy for Less Than \$40

Description

The stock market has created massive wealth for long-term investors. For instance, the [TSX index](#) has returned 128% to investors in the last 10 years after adjusting for dividends. Further, since the start of 2000, the cumulative returns of Canada's flagship index are close to 340%, easily outpacing inflation.

While past results don't guarantee future returns, the stock market remains the most obvious bet to build generational wealth over time. You can start investing in the equity market with as little as \$10, and if you are someone with a small amount of capital, here are the four best Canadian stocks you can buy for less than \$40 right now.

Canada Goose

One of the most popular brands globally, **Canada Goose** ([TSX:GOOS](#)) has trailed the broader market since its initial public offering in March 2017.

Valued at a [market cap](#) of \$2.83 billion, the luxury retail brand is priced at 2.3 times forward sales and 19 times forward earnings, which is not too expensive. The company also believes its shares are undervalued and recently initiated a buyback program to repurchase 10% of the public float.

In its most recent quarter, Canada Goose increased sales by 19% year over year, while gross margins improved by 190 basis points to 59.8% due to its shift towards online sales.

Despite an inflationary environment, Canada Goose is forecast to increase earnings by 28% annually in the next five years, showcasing its pricing power.

Dye & Durham

A high-flying technology stock, **Dye & Durham** ([TSX:DND](#)) is valued at \$1.16 billion. Unlike most other growth stocks, DND reports consistent profits, enabling it to distribute a portion of its cash flows to investors via dividends.

The company provides legal software as well as tech-powered data and payment solutions to enterprise clients. These solutions help to improve productivity for legal and business professionals.

Dye & Durham has prudently allocated capital to fund highly accretive acquisitions. In the last two years, it has acquired 11 companies, allowing DND to grow sales from \$43.84 million in fiscal 2019 (ended in June) to \$480 million in the last four quarters.

It has more than 50,000 clients with operations in Canada, the U.K., and Australia.

Savaria

A dividend-paying stock valued at \$1 billion by market cap, **Savaria** ([TSX:SIS](#)) operates in the mobility space. It has already returned close to 1,000% to investors in the last two decades after accounting for dividends. Despite its outsized gains, SIS stock offers shareholders a forward yield of 3.1%, which is quite tasty.

Savaria is forecast to more than double its adjusted earnings to \$0.82 per share in 2023, up from \$0.37 per share in 2021. So, SIS stock is priced at 20 times forward earnings and trading at a discount of more than 30%, given consensus price target estimates.

Real Matters

A TSX company operating in the real estate sector, **Real Matters** ([TSX:REAL](#)) shares are down 82% from all-time highs, allowing you to buy the dip.

Real Matters aims to gain traction in the global network management services space. Its base of clients includes 60 of the top 100 mortgage lenders south of the border, with a retention rate of 95%. The company has also forecast its TAM, or total addressable market, at US\$13 billion, providing it with enough room to expand the top line.

A difficult macro environment will drag Real Matters's revenue lower by 50% year over year in fiscal 2023. However, analysts expect sales to surge by 42% to \$80 million in fiscal 2024.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:GOOS (Canada Goose)
3. TSX:REAL (Real Matters Inc.)
4. TSX:SIS (Savaria Corporation)

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