



## 5 Beaten-Down Bargain Stocks

### Description

Are you worried about today's lofty equity valuations? You should try combing through the market's discount bin.

Stocks trading under \$5 per share can be a great source of investment ideas. Just like your department store bargain rack, many securities are only put here because they're out of season.

For those of us who don't mind being out of step with Bay Street's latest fashion, these stocks are sometimes outright steals. After combing through the discount bin myself, here are five companies that have been unfairly marked down.

#### 1. Spartan Energy

**Spartan Energy** (TSX: SPE) is the fastest-growing junior in the Canadian oil patch. Since the company is only spending 80% of cash flow, management still has plenty of room to accelerate that expansion further through acquisitions. Although investors are starting to discover this company, it's still a relatively unknown name on Bay Street. I don't expect that situation to last for long.

#### 2. Denison Mines

**Denison Mines** ([TSX: DML](#))(NYSEMKT: DML) has been completely abandoned by the investment community due to low uranium prices. However, the industry is beginning to consolidate and a small player like Denison would make an attractive acquisition target. Even if no buyout occurs, the company still has a great asset portfolio and huge exploration potential.

#### 3. Kinross Gold

**Kinross Gold** ([TSX: K](#))([NYSE: KGC](#)) has been hammered by falling metal prices and reckless spending like the rest of the gold mining industry. However, there are some signs of a turnaround at the struggling company. Its new CEO has suspended the company's dividend, halted unprofitable mines, and slashed spending. With operating costs coming down, Kinross Gold's shares could start to rally even without higher gold prices.

#### 4. Novagold Resources

**Novagold Resources** ([TSX: NG](#))([NYSEMKT: NG](#)) has also struggled thanks to soft metal prices and higher costs. However, most of the company's largest asset write-downs are behind it and tough cost-cutting measures are returning it back to profitability. In recent months a number of notable hedge fund managers have built large positions in this stock, including John Paulson, David Iken, and Seth Klarman. The smart money clearly sees lots of upside potential.

#### 5. Sherritt International

**Sherritt International** ([TSX: S](#)) has struggled in recent quarters due to problems at its Cuban and Indonesian operations. This has left the stock trading at a fraction of book value. Given that most of these problems have already been priced in, any good news could send shares sharply higher.

#### CATEGORY

1. Investing

#### TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. NYSEMKT:DNN (Denison Mines Corp.)
3. TSX:DML (Denison Mines Corp.)
4. TSX:K (Kinross Gold Corporation)
5. TSX:NG (NovaGold Resources Inc.)
6. TSX:S (Sherritt International Corporation)

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rbailieul

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