



Revealed: 5 Top Stocks Trading Under \$5

Description

If you believe the experts, you should never venture into the world of penny stocks.

Well, the experts are wrong.

I'm the first to admit there are many terrible stocks trading hands at less than \$5 per share. The TSX Venture Exchange is full of financial zombie companies. They're alive, but only barely.

But that doesn't mean every stock trading for less than a cup of good coffee should be avoided. There are dozens of great choices hiding among the weeds. Some are beaten-up former darlings, poised to make a huge comeback. Others are just starting out — companies with huge long-term growth plans.

And, most importantly, they offer great potential for profits. Buying the right stock at the right price can mean the difference between a regular retirement and one filled with untold luxuries.

Here are five of Canada's top stocks, all trading under \$5.

Bombardier

While the rest of the market was saying **Bombardier, Inc.** ([TSX:BBD.B](#)) was about to go bankrupt, I took the other side of the argument. In fact, [I told investors to buy shares](#) back in March 2016.

Shares are up nearly 150% since I penned that article. And they still have plenty of room to run.

Bombardier's management is optimistic for the first time in years. They expect the company to produce plenty of free cash flow in 2017 — up to US\$1 billion. Revenue is projected to hit US\$25 billion by 2020; that's a big improvement versus today's numbers. And, perhaps most importantly, management has said the company really doesn't need a bailout from Ottawa.

Bombardier shares could easily double again as more good news pours in.

Pengrowth Energy

Pengrowth Energy Corp. (TSX:PGF)(NYSE:PGH) has done a nice job weathering the recent downturn in the oil sector. It has paid back \$400 million worth of debt and has \$140 million in cash on hand. And it just raised \$250 million by selling a 4% royalty on its Lindbergh thermal assets.

Much of Pengrowth's production is low cost in nature — a big plus in today's market. It posted operating expenses of under \$13 per barrel of oil for the first nine months of 2016. As oil continues to go up, so should Pengrowth shares.

Kinross Gold

After more than tripling in the first few months of 2016, **Kinross Gold Corporation** ([TSX:K](#))([NYSE:KGC](#)) shares have struggled of late.

Two things should help the company in 2017.

The first is improved relations with Russia, where the company has two large mines. These are great mines that produce gold at less than US\$500 per ounce.

The second is the price of gold itself. A Donald Trump presidency could lead to all sorts of uncertainty, which is good for the price of gold. Kinross shareholders would love that.

Canaccord Genuity

Canaccord Genuity Group Inc. ([TSX:CF](#)) was a \$12 stock as recently as 2014. These days, shares trade hands at \$4.21 each, which is far too cheap. Book value is currently \$7.98 per share.

The investment banker has a rock-solid balance sheet, a history of delivering good earnings during better times, and it has successfully diversified into wealth management. An improvement in Canada's IPO market could be a nice short-term catalyst.

Semafo

Semafo Inc. (TSX:SMF) is a cash-rich gold miner with expanding operations in West Africa. It operates the Mana mine in Burkina Faso and has been awarded a mining permit for the Natougou project.

There's a reason why the company is expanding where it is. The Natougou mine has a projected all-in sustaining cost of just US\$374 per ounce. The Mana project is also solidly profitable today with all-in sustaining costs of about US\$750 per ounce.

You've got to like those costs, no matter what the price of gold does in the future. And there's plenty of expansion potential still left over in Burkina Faso.

The bottom line

Some of the best investments in history have been from stocks trading under \$5 per share. Look at it this way: it's a lot easier for a stock to go from \$2 to \$4 than it is to go from \$50 to \$100.

Some of the best opportunities in today's market are trading under \$5 per share. It's that simple.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:BBD.B (Bombardier)
3. TSX:CF (Canaccord Genuity Group Inc.)
4. TSX:K (Kinross Gold Corporation)

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