



## As Oil Breaks US\$66 These Companies Offer the Highest Upside!

### Description

Although the price of oil has risen by close to 10% over the past month, many securities whose profits are derived from the industry remain at levels that are very attractive to investors with a higher-than-average risk/reward profile. The major condition to making a large amount of capital appreciation from these names is that oil continues to rise in value.

The first name to consider is none other than **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG). At more than \$11 per share, Crescent Point has shown the market just how much it can [bounce](#) when oil decides to head north. Oil has increased by 10%, and shares of this oil development company have increased by close to 22%, which has had the effect of reducing the dividend yield. Near its 52-week low, the company offered investors a yield which was paid monthly of almost 4%; the yield has declined to 3.25%, yet it remains very attractive. To make this security even more attractive on a long-term basis, investors should note that it trades at a 30% discount to tangible book value.

The second name is **Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE), which does not pay a dividend, but remains at a large discount to tangible book value. Although [shares](#) have increased by 20% over the past month, the upside remains close to 100% should the stock return to its book value.

Although many oil companies remain heavy with assets that depreciate annually, it must be noted that with current oil prices of more than US\$65 per barrel, any capital expenditures will act as a proxy for the value of the company. Effectively, the assets will be worth their carrying values, as there will once again be buyers.

The final high-risk/high-reward stock for investors is none other than **Bonterra Energy Corp.** ([TSX:BNE](#)). As a smaller player, Bonaterra has been overlooked in the past month. Although the market capitalization of this company is around the \$500 million mark, the reality remains that once investors uncover this hidden gem, the share price could catapult higher very quickly. At a current price of \$14.69 per share, there remains close to 35% upside over the long term.

Until the full value of this company is realized, investors will have to remain content with a dividend yield of 8%, which is currently paid on a monthly basis.

With so many excellent opportunities for large gains in the oil sector, investors may need to be careful to ensure that their portfolios remain properly diversified among asset classes.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:BNE (Bonterra Energy Corp)
3. TSX:BTE (Baytex Energy Corp.)
4. TSX:VRN (Veren Inc.)

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