2 Dirt Cheap TSX Index Stocks Trading at Less Than a Toonie per Share!

Description

Stocks trading under $5 per share offer several unique, but very important qualities for investors.

One is that they make it easier for investors with smaller investment accounts – be it in their TFSA or RRSP — to build up a sizable position in their portfolios without having to fork out an arm and a leg for the company's shares.

Another is that many institutional investors are governed by investment constraints that limit them from holding securities in their investment portfolios trading at prices below $5.

This means that in certain cases, these institutions are "forced" to sell their stock in a company (even if they believed their investment was undervalued by a significant margin) simply because those shares represent an investment outside the limits of permissible securities that they can hold as part of their portfolios.

However, there's also no question that more often than not, these types of companies that trade for prices under $5 can sometimes be "cheap for good reason."

But for those willing to bite the bullet and bear the risk of some heightened volatility, so to speak, these two "dirt cheap" stocks – that can be had for least than a toonie, unbelievably – could just offer investors the proverbial pot of gold at the end of the rainbow.

VIVO Cannabis Inc (TSXV:VIVO) would be considered an under the radar cannabis stock with a market capitalization of just over $325 million and share price of just $1.13 as of Monday's trading.

Mind you, there has recently been much discussion among those experts closely following the cannabis sector that the best value these days is likely to be found in the industry's smaller players in light of the fact that several of the larger, household names now trade at market capitalizations north of a billion dollars.

But what's particularly interesting about VIVO stock is that several members of the company's senior leadership team have also held top positions at various large consumer goods companies.

That could prove lucrative if VIVO were to seek a strategic partner either for a future joint venture or even were it to seek a suiter to buy the company outright in a takeout bid.

Meanwhile, **Eldorado Gold Corp** (TSX:ELD)(NYSE:EGO) is now trading for less than $1 per share on the TSX Index, at a price of just $0.95 as of Monday afternoon. ELD is a metals and mining stock that has continued to slump through 2018 following what was a very disappointing 2017 for the company's shareholders.

Yet at the company's current price, ELD stock is now valued at just 16% of its reported book value or shareholders equity.

But in a bit of positive news, in the third quarter, Eldorado announced that its board has approved the advancement of the Mill Project from its Kisladag mine.

That project is expected to require an investment of $520 million.

That stands to eat up a substantial chunk of ELD's $635 million liquidity, yet the project is also expected generate a return of $325 million on its investment, which would be equivalent to more than a third of the company's current market capitalization.

Bottom line

As a small-cap play in the nascent cannabis sector, an investment in VIVO Cannabis would represent the quintessential growth play.

Eldorado on the other hand, which is trading at an astonishingly cheap discount to its reported net asset value, would conversely have to be viewed as nothing other than the classic value call.

Readers will have to make the decision as to which one – or perhaps both – is right for their investment objectives and unique circumstances.

Fool on.

CATEGORY

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2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:EGO (Eldorado Gold Corporation)
2. TSX:ELD (Eldorado Gold Corporation)

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