Cheap Investors: 3 Stocks Under $5 Hitting 52-Week Lows

Description

It's the ideal situation: cheap stocks with incredible growth potential for investors to scoop up. It doesn't get much better than those stocks sitting happily below $5 per share. That means that with the right money invested, even a little bit of movement means you could be seeing a *lot* of high-margin gains.

Of course, there's also the risk that these stocks could move in the opposite direction, and that means losses. Luckily, there are a few stocks right now that not only have that growth potential but are also hitting 52-week lows. Therefore, analysts believe these stocks don't have anywhere to go but up.

Let's take a look at the three winners that, while risky, could turn your cheap Tax-Free Savings Account (TFSA) into an investor's dream fund.

Bombardier

Some bad news recently sent **Bombardier** (TSX:BBD.B) even lower, but it didn't have anything to do with the stock itself. The aerospace industry believes it is currently "at risk" of being overtaken by foreign rivals if the Canadian government doesn't do something about it. Fresh talent and funding are both needed if Canada hopes to put an end to the decline.

This recent news sent Bombardier even further down, where it has remained around $2.35 per share as of writing. But again, that means there really isn't anywhere for this stock to go but up. The stock is in the midst of a turnaround that, while painful at the moment, will produce high returns over the long term. Analysts predict the stock to rise in just a year to even $4 per share, meaning the stock could almost double in price.

Surge

Trading at more than double its current share price of $1.10, it's not hard to imagine that **Surge Energy** (TSX:SGY) could get back to those numbers in the near future. Depressed oil and gas prices have hit the company hard, with Surge seeing heavy losses over a number of quarters. But the company is also in the midst of a turnaround.

In the last quarter, Surge hit a production record, with operating cash flow improving 8%, and this is expected to continue for the oil and gas producer. In fact, it's expected to grow earnings in the triple digits this year, putting analyst expectations between $2 and $2.50 per share in the next 12 months.

Baytex

Finally, we have **Baytex Energy** (TSX:BTE)(NYSE:BTE) — yet another victim of the oil and gas plunge. The stock is at less than half of where it was last summer, and a far cry from the near $50 mark it hit back in 2014. Its large debt load is what has investors so wary, making it the last stock in, first stock out of any investor's portfolio as oil prices rise and fall.

But the company has a few attractive assets that should have investors happy to pay a cheap $2 per share price. If oil really rallies, the company would be able to seriously chip away at its debt and could even be a takeover opportunity. Analysts predict the stock to rally as oil prices do to even $6 per share in the next year.

Foolish takeaway

It's important to note that these investment ideas should be taken with a note of warning. Any large investment probably isn't wise at the juncture, but buying a handful of these three stocks at such rock-bottom prices definitely offers an exciting opportunity for incredible share growth. Instead, do some further research to see if these are right for your individual portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:SGY (Surge Energy Inc.)

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