This Sector Can Make You a Millionaire

Description

Imagine this scene. You pull up to a flea market on the side of the road on your way to your favourite summer holiday destination. You walk inside and see rows upon rows of dirty, dusty $100 bills.

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They are beat up, dirty, and a little unattractive. After talking to the person behind the counter, you discover that he's adamant that these $100 bills are real. It's a long trip to the bank, however, so he's just trying to get what he can for them.

After taking a look at them and doing a bit of research on your phone, you're *certain* the $100 is real. But everyone else in the store has looked at the same bills, bent and covered in dirt, and is passing them by.

He offers to sell them for $20 a bill, or 20% of their assessed $100 value. You can't believe it! Why wouldn't you buy them? Will you take the risk and potentially make a huge profit, or will you follow the crowd and leave them for the next opportunist?

This *situation* is real!

Believe it or not, investors today have t*h*is exact situation sitting right in front of them at their proverbial stock flea market. Virtual shelves of ridiculously cheap stocks are sitting right in front of them.

This is the case for Canadian oil and gas stocks today. Many companies are trading at fractions of their assessed book values, just waiting for people to take a look at them and pick them up.

Companies like **Birchcliff Energy Ltd.** (TSX:BIR) and **Peyto Exploration and Development Corp.** (TSX:PEY) are trading at book values listed at 0.35 and 0.27 of their book values at current prices, which is unbelievable.

Think about that for a second. Even if these companies reach the point of trading at half of their book values, you'll still stand to make a ton of money — more than double in most cases. But wait — as the old TV infomercial sell goes, there's more.

These stocks are not only $100 bills trading at $35 and $27 — a mere fraction of their face values — but you're being *paid* to hold them! This kicks the pants off the $100 at the flea market scenario, as your risk goes down with every dividend payment.

Just think, with Birchcliff's 4.77% and Peyto's 8.63% payout, you'll recover around 6% of your capital in a year's time while you wait. Now, most of these companies have cut their dividends over the past few years, so I would never say that they are safe. Instead, think of this as a bonus for as long as you get it before you can cash in these cheap $100 bills.

You need to buy some now

Fellow investor, just keep in mind that the analogy holds up when it comes to risk. Just as you can't be 100% sure that these dollar bills on the shelf are worth anything, these stocks may not pan out. And even if they are real, they may simply be too worn and beaten up for the bank to accept.

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But what if they *do* work? What if you get back not just book value, but even a premium? Think about Birchcliff, which traded over $14 a share at its height and now sits at just over $2. Peyto was around $37 a few years ago and now sits at $2.68 as of this writing.

Don't leave these dollars on the shelf. Take a stab at one or a few of these stocks. Buying 200 shares of Birchliff will cost you a mere $440 as of this writing and could become much more. These dirty bills might not be worth anything, but history shows there's a good chance many of these might work out.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BIR (Birchcliff Energy Ltd.)
2. TSX:PEY (Peyto Exploration & Development Corp)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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