



## 3 Canadian Stocks Under \$5 Ready to Rise in 2020

### Description

Canada has hosted some of the most explosive growth stocks on the planet. As a relatively smaller market compared to the global stage, Canadian stocks also have a tendency to become underpriced. The combination of rapid growth and cheap valuations can be a goldmine for opportunistic investors.

In 2019, several iconic Canadian stocks went on sale. All are dealing with their fair share of hurdles, but under the right conditions, shares could more than [double in 2020](#). All of the stocks listed below are now under \$5 apiece.

### Buy some cannabis

The cannabis downturn of 2019 was horrific. Nearly every pot stock fell more than 50% from their highs. Yet all hope is not lost. Most analysts still agree that sales should explode through 2030 and beyond. Long-term sales estimates range between \$100 billion and \$300 billion. Companies that can stick around for the long haul should find a way to win.

As with any industry-wide downturn, the smallest companies got it the worst. **Green Organic Dutchman Holdings**, for example, is down 90% from its peak. The company's minuscule \$200 million market cap is likely keeping it off the radar of most investors. That's caused shares to trade at an 80% discount to the competition.

If want to bet on a cannabis reversal in 2020, this stock should have the most upside.

### Profit from this reversal

**Bombardier** ([TSX:BBD.B](#)) is another company ripe for a reversal. This stock has doubled in price *five times* since 2003. It's eventually given up all of the gains, but if you timed your purchases correctly, you could have made a fortune. Recently, the stock has set the stage for a major upturn in 2020.

Every run over the last two decades has had a common denominator: extreme pessimism.

When Bombardier stock is nearing new highs, almost everything is going right for the company. Last summer, for example, sales and profits were both surging due to new contracts across multiple segments. The stock at the time was priced at \$4. Over the coming months, shares slipped by 50%.

Conversely, when the company was on the verge of bankruptcy, shares were priced barely above \$1. You could have *quadrupled* your money by purchasing shares during this tumultuous period.

You could argue that the market has never been more pessimistic than they are today. Shares are below \$2 again, and investors and analysts alike are preparing for difficult conditions next year. If history is any indication, now is exactly the time to buy. As Baron Rothschild famously said several centuries ago, buy when there's blood in the streets.

## Double your bet

**Encana** is one of the largest energy companies in Canada, although recent moves could relocate the company to Colorado. Part of the relocation rationale deals with capital flows. Domiciling in the U.S., management argues, will allow it to tap into much larger investor bases, not to mention be included in several massive indexes.

Executives are doubling down on this bet by repurchasing *billions* in stock. Last year alone, Encana bought back more than 150 million shares. In total, the company spent close to \$2 billion — 20% of its current market cap.

If the company can stage a turnaround, the gains should go exponential due to the massive buyback executed in 2019.

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3. Investing

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1. Cannabis
2. Editor's Choice

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1. TSX:BBD.B (Bombardier)

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