



## Top Picks: 3 Growth Stocks Under \$6 Could Deliver up to 70% ROI

### Description

Two constituents from the energy sector and one copper mining producer are the top picks for [growth investors](#) in 2022. The three stocks are price-friendly but the return on investment (ROI) could be as high as 70%.

If you're looking for [high growth](#), scoop shares of **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE), **Tamarack Valley Energy Ltd.** ([TSX:TVE](#)), and **Capstone Mining** ([TSX:CS](#)) now before their prices soar through the roof. As of February 18, 2022, the one-year trailing price return ranges from 77% to 374%.

The energy sector continues to ride high with its 20.51% year-to-date gain. Baytex (\$4.84) and Tamarack Valley (\$4.71) have nearly identical share prices but continue to surge. Investors in the former enjoy a 23.79% gain, while latter is up 22.56 and pays a 2.03% dividend. Capstone trades at \$5.95 per share and is ranked number five in the 2021 TSX30 growth stocks list.

### Top price performers

Baytex Energy will present its Q4 and full-year 2021 results this week. Analysts covering the stock expect strong financial and operating performance. In the nine months ended September 2021, petroleum and natural gas sales increased 77.4% versus the same period in 2020.

The highlight in the first three quarters was the \$1.05 billion net income compared to the \$2.66 billion net loss after Q3 2020. Notably, the \$2.73 billion oil & gas corporation generated \$284 million in free cash flow during the period, while reducing net debt by \$285 million.

According to management, if [commodity prices](#) are sustained at the current levels, Baytex could deliver over \$400 million in free cash flow this year. Moreover, if prices remain constant at US\$65 and US\$75 per barrel, the company can generate cumulative free cash flow of \$2.0 billion and \$2.6 billion, respectively.

Tamarack had an incredible 185% turnaround in the nine months ended September 30, 2021. From a net loss of \$293.16 million in the same period in 2020, net income climbed to \$250 million. Cash flow

from operating activities increased 77% to \$179.24 million.

The \$2.03 billion oil & gas exploration and production company has yet to report the full-year results, although preliminary data points to strong business performance. Its president and CEO, Brian Schmidt, said, “2021 was a transformational year for Tamarack as we advanced our strategy of driving long term sustainable free funds flow growth forward.”

## Transformational growth

Copper could be a safety net besides gold and silver if high inflation persists. Capstone Mining has two producing copper mines (U.S. and Mexico). The \$2.46 base-metals producer is well-positioned for transformational growth because of its multi-asset operations.

Expect the TSX30 winner to soar following its impressive 2021 financial results. Net income and operating cash flow of US\$252.9 million and US\$556.3 million last year were both new records for Capstone.

Capstone CEO Darren Pylot said, “Our investments in optimization and expansion over the past two years have allowed us to take advantage of robust copper prices.” He adds the large net cash balance sheet came before a period of transformational growth.

## Price forecasts

Based on analysts' high price target, Baytex could rise 49.8% to \$7.25 in one year. Tamarack Valley and Capstone Mining carry strong buy ratings from analysts. The upside potential is 69.9% and 67.7%, according to the price forecasts.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:BTE (Baytex Energy Corp.)
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