



## The 5 Worst Stocks of 2014

### Description

We are just a little bit past the halfway point in 2014 and Canadian equities are on fire. In June, the **S&P/TSX Composite Index** hit fresh all-time highs and is up 12% for the year to date. It feels like every stock is in the green.

However, not every company has participated in the rally. In spite of the rosy backdrop for equities, some stocks are actually down this year. Here are the five worst performers on the Toronto Stock Exchange so far in 2014.

#### 1. Sunshine Oil Sands

The oil sands are booming, but not everyone is doing well. Case in point: **Sunshine Oil Sands** (TSX: SUO).

In April, the company was looking for ways to fund the completion of its partly built steam assisted gravity drainage project. However, since that time Sunshine has been unable to secure any financing from its Chinese backers. As a result of the cash crunch, construction on the company's West Ells oil sands project has been halted since August.

Now the story is going from bad to worse. Earlier this month, the cash-strapped company announced that Songning Shen, credited with finding and acquiring its oil sands holdings in northeastern Alberta, has resigned from its board of directors. This follows the abrupt departure of two executives in December. Unless this company can find cash soon, the situation will only get more dire.

#### 2. Ainsworth Lumber

Tennessee-based **Louisiana-Pacific Corp** recently abandoned its proposed acquisition of Canada's **Ainsworth Lumber** (TSX: ANS) after overly stringent terms from both U.S. and Canadian anti-trust regulators put a halt to the deal.

The U.S. Department of Justice expressed concerns about regional concentration, noting that Louisiana-Pacific would have had 63% of the market share in the U.S. Pacific northwest. The

Canadian Competition Bureau said the acquisition would have meant higher prices and less choice for buyers of OSB panels.

Without a potential takeover, there are few catalysts that could drive Ainsworth Lumber. Investors have shunted the stock to the sidelines in the meantime.

### 3. Sirius XM Canada Holdings

I continue to like **Sirius XM Canada Holdings'** (TSX: XSR) story and have been surprised by its recent share price performance. Since the company announced a generous \$0.585 per share special dividend in June, the stock has been in the doldrums. To me, the board's decision to return cash to shareholders was a clear signal that it expects better times ahead.

Yes, second-quarter growth was disappointing, but this sets the stage for a strong third quarter thanks to good Canadian auto sales. More importantly, most of the company's costs are fixed. That means even a small increase in sales should drive spectacular earnings growth over the next three to five years. Expect to see that reflected in the company's ongoing dividend as well.

### 4. Transat A.T.

What happens when the loonie falls? Canadians take fewer trips abroad. That's bad news when you're in the tourism business.

Package tour operator **Transat A.T.** (TSX: TRZ.B) posted a loss in the second quarter thanks in large part to the lower Canadian dollar. The Montreal-based company reported a second-quarter loss of \$7.9 million, or \$0.20 per share, compared with a net loss of \$22.8 million during the same period a year earlier.

Thankfully, things are looking up. The loonie has rallied more than 10% from its lows in March. With the the economy improving, Canadians will likely start taking more trips overseas in the coming quarters.

### 5. Horizon North Logistics

Nothing seems to be going right at **Horizon North Logistics** (TSX: HNL).

In January, the company, which provides camp management, catering, and mobile structures to resource companies, posted an absolutely deplorable fourth quarter. That sent shares plummeting 30%.

Since then, things appeared to have stabilized and management hiked the dividend 33% in March, a signal that they see better times ahead. While shareholders wait, they're being compensated with a tidy 4.4% yield.

## CATEGORY

1. Investing

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