



## 3 Turnaround Stocks for Today

### Description

Turnaround stocks aren't for every investor, and certainly shouldn't be the first investment choice for new investors. These are stocks that are going through some difficulties. For example, commodity stocks are highly reliant on the underlying commodity prices, which are currently struggling.

#### The world's largest silver streaming company

From a 52-week high of \$29, **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) has fallen under \$19, a decline of more than 34%. This is mainly due to the fall in silver and gold prices.

Silver Wheaton is the world's biggest silver streaming company. Instead of running its own mines, it saves money by having contractual agreements with mines that produce silver and gold as by-products. Silver Wheaton buys precious metals from them at low, fixed costs.

Not only is Silver Wheaton one of the safest bets to gain exposure to precious metals, it also leverages on soaring gold and silver prices. For example, in the last few trading days, the price of **iShares Silver Trust**, an ETF that follows the price of silver, went up from \$14 to \$15, a rise of 7.1%. In the same period, Silver Wheaton climbed from \$16 to \$18.8, a rise of 17.5%.

#### A Canadian diamond producer

**Dominion Diamond Corp.** (TSX:DDC)(NYSE:DDC) has gone down to \$14.5 from its 52-week high of \$24, a 39.6% decline. With plans to invest \$1.1 billion in its Canadian mines, Ekati and Diavik, and its other growth projects, Dominion Diamond is expected to regain growth in 2016.

It's a relatively safe turnaround stock because it has low debt. Its debt-to-cap ratio is 2%. Further, Dominion Diamond is the third-largest rough diamond producer in the world.

#### A provider of security solutions across the globe

**Avigilon Corp.** (TSX:AVO) is an innovator of global video surveillance and electronic access control. It sells to 120 countries via a global network of more than 2,000 resellers. Avigilon is a high-growth

company; it has experienced revenue growth at a compound annual growth rate of 65% from 2011 to 2014.

Avigilon is a B2B business that specializes in end-to-end security solutions with a focus on video analytics and the transition from analog to high definition. Its video analytics have self-learning capabilities, and its solutions can be customized for different venues and scenarios.

Avigilon spent the last two years acquiring a strong patent portfolio that covers all the important areas of its business, including video analytics, high-definition video surveillance, and integrated access control. These patents generate a high margin and recurring royalty revenue stream for the company.

In the last year, it traded between \$11 and \$25. At under \$13 per share, it trades around a multiple of 16.1, which is cheap for a high-growth company.

### **In conclusion**

As a small percentage of one's investment, turnaround stocks can add growth to a portfolio, but they're also usually more volatile than typical stocks in the near term. So, they require more attention to manage as well as more patience to hold on.

My time frame for my portfolio for these stocks is two to three years. I could also give them up for smaller gains for more stable opportunities if they arise.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:WPM (Wheaton Precious Metals Corp.)

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