If I Could Do 2017 Over Again…

Description

Now that we're close to the end of the year, we can look back and find the best-missed opportunities in addition to the investments that never shaped up. For 2017, the most surprising breakout is probably a toss-up between how much the marijuana industry and Bitcoin exploded. Although expectations were high for both investments, the truth is that investors who got in early and stayed invested did extremely well throughout the year.

The least-surprising thing that happened over the past year was the continuation of the demise of the retail industry. In Canada, Sears Canada Inc. declared bankruptcy, and **Hudson's Bay Co** (TSX:HBC) declined by 20% for the year. To make matter worse, the company lost money in every single quarter over the past year. If I were offered a "do-over," I would take a short position in each of these names. For calendar year 2018, however, it may be prudent to steer clear of this sector as companies like **Canadian Tire Corporation Limited** (TSX:CTC.A) are dominating the retail market and doing quite well.

The biggest missed opportunity of 2017 was not buying more shares in **Home Capital Group Inc.** (TSX:HCG) at its depths. Warren Buffett took full advantage of this opportunity and has reaped the biggest rewards along the way. The way to "lick one's wounds" on this missed opportunity may be to load up on shares of **Laurentian Bank of Canada** (TSX:LB), which recently spooked investors with a few anomalies regarding certain mortgages, which were recently originated. At a current price under $56.50 per share, investors buying now will receive a dividend yield of 4.5% and tangible book value almost equal to the share price.

In the banking sector, the worst-performing institution was Laurentian Bank of Canada, while **Canadian Western Bank** (TSX:CWB) was the best performer, currently up by more than 25% on a year-to-date basis. Of the major banks, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) returned the least at 5%, while **Royal Bank of Canada** (TSX:RY)(NYSE:RY) performed the best, returning close to 13%. As usual, the expectations from the Big Five were met, and investors have nothing to complain about.

What did not happen in 2017

Entering the year, there was serious worry about the new president of the United States and the effect he would have on the global economy. In spite of making a lot of noise, nothing too severe happened on a large scale that hurt investors. On the contrary, markets have increased substantially due to a number of factors that President Trump is responsible for.

Back in Canada, the economy once again failed to fall into a recession — a good thing, as the price of oil started to recover in spite of investors losing their shirts in names such as **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG), which is now down by more than 50% on a year-to-date basis. I missed the boat by not shorting the stock earlier in the year. In spite of the short-sale opportunity already being played out, the new opportunity now lies in buying and holding shares such as Crescent Point Energy Corp.

Only time will tell what 2018 brings to investors…

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:VRN (Veren)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CTC.A (Canadian Tire Corporation, Limited)
6. TSX:CWB (Canadian Western Bank)
7. TSX:HCG (Home Capital Group)
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