



The Top 3 Contrarian Stocks to Buy in November

Description

Companies whose share prices have been declining recently, especially when the market has been so strong, could be a red flag for investors.

Sometimes, though, a company may have a short-term issue or industry headwind that may be impacting its price, and for long-term investors, these types of things don't matter.

In fact, these troughs in the share price cycle create the best [opportunities](#) to buy, as long as the company can actually recover from its issues.

This is why [contrarian](#), long-term investors have one of the best investment strategies on the market. Following the herd will never yield you the best results, but knowing what the herd is going to do, and doing it first, is a sure-fire way to achieve great wealth.

Three contrarian stocks for long-term investors today are **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)), **Surge Energy** ([TSX:SGY](#)) and **Western Forest Products** ([TSX:WEF](#)).

A&W

A&W, despite being one of the top income stocks on the TSX and a great growth performer over the last decade, has been unloved by shareholders recently. Since the end of July, the stock is down about 15%, and it's roughly 33% off its 52-week highs.

There doesn't seem to be a good reason for the pullback in share price, especially given that A&W continues to see growth from strong increases to comparable store sales but also by opening new stores.

It has slowly and quietly become the second-biggest brand for fast-food burgers in Canada through quality execution, staying on trend, and giving consumers what they want, as well as high-quality marketing.

The stock has fallen to a point where it's attractive for its growth potential, and its dividend yield has now grown to roughly 5.1%.

There's no reason A&W's growth should slow down anytime soon, so an investment today is sure to be one of the top contrarian plays for the rest of the year and going into 2020.

Surge

Surge Energy is a small-cap oil producer and like many of the small oil companies its stock has been one of the most unloved in the sector. It has had a rough couple of years and it's only gotten worse recently, down nearly 20% since the end of July.

Its dividend yield has grown to nearly 10%, signalling that investors think it may need to be trimmed once again.

I'm not so sure that the probability is that high. Surge has stated that its breakeven price, including funding the dividend, is at \$55 WTI, which has more or less been the average of WTI's trading range this year.

The dividend is by no means completely safe, but for it to be yielding nearly 10%, I think it's a little extreme, and given that Surge is one of the best operators, long-term investors know their interests will be protected.

Western Forest Products

Western Forest Products has had a rough year, to say the least. Its stock is down roughly 40% year to date, and the company has dealt with its fair share of issues.

The entire sector has had a rough time the last few years; however, now its stock seems to have bottomed.

Western Forest is a top company in a highly cyclical industry, so although its stock price looks like investors are anticipating a tough future, the company is still underpinned by quality assets and operations.

It also has a strong balance sheet and is well capitalized to deal with any cash flow issues in the short term.

It's a long-term play that will recover, as more investors come back to the stock and the industry recovers, but for now, investors willing to wait will receive a dividend that yields nearly 7.5%.

Bottom line

Going against the herd can lead to some of the best investing opportunities, especially for long term, value-oriented investors willing to buy and hold.

Of course, there is inherent risk going against the herd, but if you know what you are doing and are confident in your research, there is no reason why the stocks shouldn't recover.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:SGY (Surge Energy Inc.)
3. TSX:WEF (Western Forest Products Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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