



Top Canada Stock Trade: Double Your Money in 2020

Description

In an article on December 16, I'd recommended **SNC-Lavalin Group** (TSX:SNC) as a [top 2020 long Canada stock market trade](#) with at least a 30% upside. Since I wrote the article, the dividend stock has surged from \$24.93 to \$30.35 per share at the time of writing on the Toronto Stock Exchange — approximately a 21.7% increase. If you are worried that you have missed out on the trade, the stock price may still double in value after the new year.

The stock price increase is a positive investor response to a merciful court outcome. On Wednesday, December 18, the engineering company with an enterprise value of \$6.74 billion pleaded guilty to fraud and agreed to pay a fine of \$280 million spread out over five years. The fine represents 2.9% of the company's annual revenue of \$9.64 billion.

The government of Canada had charged SNC-Lavalin and former executives of fraud and political bribery of Libyan government figures. There is evidence that SNC-Lavalin executives had been paying government servants and politicians in Libya, India, and other foreign countries in exchange for government engineering contracts.

Light legal consequences boost SNC-Lavalin stock price

The Quebec Court dropped all other charges against SNC-Lavalin. Canada will also impose a three-year probationary period on SNC-Lavalin's international construction subsidiary. Although not confirmed, SNC-Lavalin's executives do not expect the probationary period to prohibit the company from participating in bids for international government contracts.

[Investors were happy](#) to hear that the impact on Canada's exports and SNC-Lavalin's global revenue should be minimal, hence the sustained uptick in the market value of SNC-Lavalin shares through Friday, December 20. Depending on what we hear going into the new year, there may be some downside volatility, as investors doubt a quick turnaround to profitability. Even if investors remain bullish, there's still time to get into this dividend stock before the market value returns to pre-scandal levels.

SNC-Lavalin stock price fell over 60% from June 2018

Beginning in June 2018, the stock price began tumbling from over \$60 per share to the 52-week low of \$15.47 in August 2019. As of December 23, the dividend stock opened at \$30.49 per share, nearly double the trading price just four months ago. The stock price is heading back up now, and shareholders are interested in gaining from last year's loss in value.

The engineering firm made headlines throughout 2019 when former attorney general Jody Wilson-Raybould accused Prime Minister Justin Trudeau of pressuring her to treat SNC-Lavalin's case with leniency. Despite an August ruling that Trudeau violated conflict of interest regulations when he approached Wilson-Raybould regarding the SNC-Lavalin case, the somewhat weakened Liberal Party still managed to maintain the prime minister's seat in the October 2019 election in Canada.

In an interview with the *Candian Press*, Trudeau claimed that he was only trying to protect jobs: "You only do the best you can to protect jobs, to respect the independence of the judiciary, and that's exactly what we did every step of the way." Respecting the independence of the judiciary came second to Canada's interest in protecting one of its most prominent and profitable exporters.

Investors in Canada can still profit from SNC-Lavalin dip

Without discussing the ethics of the company, now is the time to buy shares of SNC-Lavalin stock. The legal drama surrounding the company is coming to an end. Unsurprisingly, the Court of Quebec let the powerful engineering firm off with a very light tap on the wrist.

Investors in Canada who are looking for top dividend stocks for 2020 will want to snap up shares of SNC-Lavalin within the next week or two. Now that we know the outcome of the court case, this trade is a go. Buy and hold the shares in your Tax-Free Savings Account until the end of 2020 to see the untaxed capital gains that you won't have to share with the Canadian Revenue Agency.

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