



## 3 Underrated Stocks Poised to Soar in 2020

### Description

The winners of 2019 receive all the media attention, but as your financial advisor has often told you, “past performance is no guarantee of future results.”

Paying too much merit to the winners of yesteryear will do you little good. So, instead of skating to where everybody else is already, focus your efforts on looking to where the puck could be headed next to improve your odds of scoring significant gains in the new year.

This piece will look at three underdogs, each with [a promising setup](#) for 2020–21:

### Enbridge

Don’t look now, but **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is staging a comeback, with shares now up 42% from their April 2018 bottom. Although the recent run has been impressive, the stock is still off 18% from its all-time high. It is also very cheap when considering that the company’s new cash-flow-generative projects are likely to come online within three years, even with the regulatory hurdles currently in place.

Such hurdles should be expected with new mid-stream projects. While they lead to greater uncertainty, such obstacles act as high barriers to entry for competitors looking to steal Enbridge’s slice of the pie. As such, Enbridge looks poised to continue raising its dividend by 10% per year moving forward as its financial condition steadily improves.

Enbridge is a dividend-growth king that I think can reach its all-time highs within two years. The stock yields 6% at the time of writing, and with shares picking up traction, the window of opportunity to buy shares at a discount may soon close for good.

### Jamieson Wellness

**Jamieson Wellness** ([TSX:JWEL](#)) is a promising mid-cap growth gem (with a \$1 billion market cap)

that receives little attention from the mainstream financial media. Not only is the company poised to ride on positive long-term industry trends, but international expansion and new product launches could both serve to bolster double-digit revenue growth over the foreseeable future.

As a vitamin, minerals, and supplements (VMS) manufacturer, Jamieson is a dull, low-tech growth story, making it less exciting to the average investor. Given the easy-to-understand nature of the business and the tailwinds, I do see Jamieson's growth profile as being less subject to uncertainties than most other up-and-coming mid-caps.

The VMS industry may be commoditized, but Jamieson has built enough brand equity over nearly a century to take share in a booming global market that's being fuelled by ageing Baby Boomers and health-conscious Millennials.

Moving into 2020, new product launches and continued expansion into China bode well for Jamieson, which could soon sport a multi-billion-dollar market cap.

## NFI Group

Finally, we have struggling bus maker **NFI Group** ([TSX:NFI](#)) with shares that are down a whopping 50% from 2018 all-time highs. As a manufacturer of expensive, long-lived durable goods, it shouldn't come as a surprise to see NFI Group stock down as much as it is given the sluggish Canadian economy.

While the economy hasn't been bad enough to justify a 50% plunge (Canada isn't even in a recession yet!), operational issues and rare management fumbles have served to exacerbate the recent decline in the stock.

"You can't blame NFI's management team for unfavourable industry conditions. The late stages of the market cycle mean big-ticket purchases will be postponed. What you can blame management for is its sub-optimal dealing with operational challenges faced over the past few years." I said in a [prior piece](#).

"Fortunately, the bus seems to be headed back in the right direction. And should the global economy bounce back from its slowdown, we could see industry headwinds fade, giving NFI stock a runway for a sharp rebound."

Moving forward, management expects coach deliveries to pick up again, and if this indeed happens, the stock could prove to be too cheap at these levels. Be cautious, though, as NFI Group is the riskiest and most economically sensitive bet of the three stocks I've discussed.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:JWEL (Jamieson Wellness Inc.)
4. TSX:NFI (NFI Group)

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