



Value Investors: Buy These 3 TSX Stocks for Higher Gains

Description

Technology stocks had led the strong bounce back in the Canadian equity market after bottoming out in March. But tech stocks are under pressure this month amid profit booking. Industry experts are projecting the equity market to broaden going forward, with investors shifting their interests toward value stocks.

Here are the three stocks that have lost over 20% of their value this year but have the potential to deliver impressive returns over the next three years.

Canopy Growth

My first pick is a cannabis company, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), which has lost over 20% of its stock value this year. The structural issues, such as robust black market sales, pricing pressure, lower-than-expected demand for Cannabis 2.0 products, and slow rollout of the retail stores have dragged the sector and the company's stock price down.

Meanwhile, the company had reported an [impressive first-quarter performance](#) last month, outperforming analysts' sales expectations. Further, the company is working on expanding its Cannabis 2.0 offerings and re-positioning its value brands with higher and more consistent THC ranges in the Canadian market.

In the United States, the company has scaled up the distribution of its vaporizer and non-CBD beverage products. It also increased its online presence by launching an e-commerce site, which sells all brands of the company's CBD products. All these initiatives could drive the company's top line.

Meanwhile, the company's EBITDA was still in the negative territory in its recently completed quarter. However, the company is working on lowering its expenses. It has slashed 18% of its headcount since the beginning of this year. It has also closed some of its production facilities to optimize its production to better align with the existing demand.

So, given the company's strong growth prospects, falling expenses, and ample cash, I believe the

company could deliver impressive returns over the next three years.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has lost over 25% of its stock value. The pandemic-infused disruption in its end markets, such as the automotive industry, had led to a fall in the company's financials and its stock price. Meanwhile, the automotive industry has shown some recovery with the resumption of production.

With more people preferring to work, learn, and shop from their homes, the spending on cybersecurity could rise multi-fold in the next few years. BlackBerry, with its acquisition of Cylance, is expected to benefit from the increase in cybersecurity spending.

Further, last month, the company announced that it is planning to introduce its next-generation 5G Android phones with a physical keyboard in the first half of 2021. All these initiatives have created a tailwind for the company. So, [I am bullish on BlackBerry](#).

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) has fallen close to 35% this year. Weaker energy demand amid the pandemic caused the revenue from the company's marketing and new ventures division to fall during its recently completed second quarter.

However, the company's base businesses — the pipelines and facilities divisions — remained resilient, with both divisions reporting volume and revenue growth. The acquisition of Kinder Morgan Canada in December 2019 drove the financials of both the divisions during the quarter.

Despite the weak top line, the company's EBITDA and adjusted cash flows from its operating activities grew 3.1% and 6.5%, respectively, on a year-over-year basis. Through a fee-based or contractual model, the company generates stable cash flows, which supports its dividend payouts.

The company pays monthly dividends. Currently, the company's forward dividend yield stands at an attractive 8%. At the end of the second quarter, the company's liquidity stood at \$3 billion. So, given its strong liquidity position and positive adjusted cash flows, I believe the company's dividends are safe.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:BB (BlackBerry)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BB (BlackBerry)
5. TSX:PPL (Pembina Pipeline Corporation)

6. TSX:WEED (Canopy Growth)

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