



2 Under-the-Radar Stocks That Could See Enormous Gains in 2021

Description

Some TSX stocks are flying under the radar or fell out of grace during the COVID-19 year. However, investors shouldn't brush them aside just yet, because [enormous gains](#) are in store in 2021. Remember that you can't evaluate assets based on past performances.

Fortunes could change for the best or worst, depending on the prevailing market environment. **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)) were out of the limelight in the recent past but are well positioned for a major comeback.

Buffett's lone TSX stock

Warren Buffett trimmed his position in Suncor Energy but kept the oil sands king in **Berkshire Hathaway's** stock portfolio. Last year was tumultuous for the erstwhile Dividend Aristocrat because of the oil slump and the global pandemic. Management had to slash dividends by 55% to preserve the balance sheet.

Suncor Energy's performance in 2020 was indeed horrendous, with investors losing 47.7% for the year. However, things seem to be looking up. Thus far, in 2021, the energy sector is outperforming the TSX (+30.58% versus +8.15%). As of March 19, 2021, Suncor shares trade at \$27.65, or a year-to-date gain of 31%.

Market analysts are bullish and see a breakout coming. The price forecast in the next 12 months is \$53, or a 92% appreciation. If you were to initiate a position today, Suncor Energy pays a decent 3.04% dividend today. The market cap of Buffett's only TSX stock stands at \$42.1 billion.

Cannabis opportunities in the U.S.

The cannabis sector lost investors mainly due to the supposed marijuana boom that turned bust. Village Farms International was forgotten and [drowned in obscurity](#). However, the stock is off to a magnificent start in 2021. The share price rose to \$21.70 on March 15, 2021.

Village Farms investors are up 43% year to date, while the current share price of \$18.44 is 460% higher than it was one year ago. Those who bought \$5,000 worth of shares on March 19, 2020, are richer by \$23,024.32 today. Market analysts covering the stock recommend a buy rating and predict a 41% climb to \$26 in the next 12 months.

For the full year 2020, Village Farms posted a revenue and net income growth of 18% and 404%. Many things have happened besides the impressive top and bottom lines. The \$1.46 billion company now owns Pure Sunfarms 100%. It now has an attractive long-term business model following Village Farms Clean Energy's renewal and contract extension with the City of Vancouver (landfill site).

Regarding Pure Sunfarms, its wholly owned Canadian cannabis subsidiary, the shift in focus to retail branded sales was a great success. Village Farms has reported nine consecutive quarters of profitability. Sunfarms displayed its cultivation excellence, while its differentiated product strategy made it a leading brand.

With the impending federal legalization of marijuana in the U.S., expect Village Farms to capitalize on the cannabis opportunity. Its CEO, Michael DeGiglio, is confident Village Farm's best-in-class operations will garner a strong market share performance and deliver consistent profitability.

Beaten stocks on a comeback

I won't count Suncor Energy and Village Farms International out, even if they were poor performers in the past. Investors should include the stocks in their watch lists. Both companies are well positioned to make a comeback and deliver enormous gains in 2021.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NASDAQ:VFF (Village Farms International, Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:SU (Suncor Energy Inc.)

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