



3 Underdog Stocks That Are Making a Comeback

Description

Three **TSX** stocks are previous forerunners because of their business performances. However, a series of unfortunate events turned them into losers. In 2021, the companies are making a comeback and could be [winners](#) once more. **RioCan** ([TSX:REI.UN](#)), **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), and **SNC-Lavalin Group** (TSX:SNC) are the underdogs. The stocks are gaining of late, and the rally appears sustainable for the rest of 2021.

Reclaiming leadership position

RioCan is a \$6.19 billion real estate trust investment (REIT) and the perennial favourite of [income investors](#) in the real estate sector. However, COVID-19 delivered a severe blow to retail and commercial landlords. Before the pandemic, RioCan was a dividend beast yielding a high 7.38%.

Managed had to slash its dividends by 33% and thereby broke its consistent high dividend track record since February 2018. The reason for the shocking move was to preserve and protect its robust balance sheet while the retail space is hurting.

The share price fell to as low as \$11.61 on March 23, 2020. But one year later, on the same day, RioCan trades at \$19.50 or 68% higher. If you were to purchase the stock today, the dividend offer is a respectable 4.92% dividend. While reducing the payouts was a prudent move, management regularly evaluates the situation to see if RioCan can increase the dividends.

Building momentum

Over the last three years, Hexo was a disappointment with its -48.75% total return (-19.85% compound annual growth rate). The marijuana boom never happened as most industry players kept accumulating losses instead of gains. However, things are turning to be better as the federal legalization of marijuana in the U.S. looms large.

The shares of this \$1.04 billion cannabis producer and seller from Kanata, Canada, are piping hot in

2021. Hexo's current share price of \$8.53 is 132% higher than it was a year ago. Thus far, investors are winning by 83% year-to-date. Market analysts are bullish and forecast the price to climb 64% to \$14 in the next 12 months.

In Q2 fiscal 2021 (quarter ended January 31, 2021), Hexo reported a 94% increase in total revenue versus Q2 fiscal 2020. Notably, the company posted positive adjusted EBITDA, the seventh consecutive quarter of improvement. Hexo also holds the largest market share in Quebec.

Image rebuilding

SNC-Lavalin was scandal-ridden, and people never expected the stock to rise from the ashes. The stock's performance over the last three years was atrocious. Investors lost 49.73% (-20.45% CAGR). But in the preceding 12 months, SNC-Lavalin gained 40.03%. If you own shares today, you're up by 27% year to date.

The \$4.82 billion fully integrated professional services and project management company is still shaking off its tarnished image. Nonetheless, market analysts predict the stock price to jump 46% to 40 in the next 12 months. According to Ian L. Edwards, SNC-Lavalin's President and CEO, the group works hard to execute its new strategic path.

Despite the less-than-stellar financial results for the full-year 2020, Edwards said SNC-Lavalin is well positioned for the future, focusing on growth. The recent award of a significant infrastructure project in the U.K. is an excellent opportunity to showcase SNC-Lavalin's major projects expertise. It could be the start of more noteworthy endeavours.

Pick your underdog

Take your pick from the three underdog stocks. Either one or all of them could be the eventual winners in 2021.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. TSX:ATRL (SNC-Lavalin Group)
3. TSX:HEXO (HEXO Corp.)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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