



Buy Alert: 3 TSX Stocks That Could Gain up to 40% in the Next Year

Description

While the equity markets are trading near record highs, there are stocks that have underperformed the broader indices in the last year. A few of these stocks have strong fundamentals and should gain momentum and allow investors to derive outsized gains in the next year. We'll look at three such stocks on the TSX that you should consider right now.

Real Matters

The first stock on the list is **Real Matters** ([TSX:REAL](#)), [a company that provides](#) technology and network management solutions to mortgage lending and insurance industries in North America. Real Matters offers residential mortgage appraisals for purchase, refinance, and home equity transactions to the mortgage lending industry. It also provides insurance inspection services to property insurers.

Real Matters stock is currently trading 50% below its record high, making it extremely attractive to contrarian investors. Bay Street analysts expect the company to increase sales by 22.3% to \$198 million in 2021 and by 19.3% to \$236.5 million in 2022. Comparatively, its earnings are forecast to rise by 9% in 2021 and 21.3% in 2022.

This shows us Real Matters stock is trading at a forward price-to-sales multiple of 6.9 and a price-to-earnings multiple of 22, which is reasonable considering its growth rates. Analysts tracking the firm have a 12-month average target price of \$21.71, which is 30% above the current trading price.

Barrick Gold

Gold mining companies such as **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) can give you exposure to the yellow metal, which is considered a store of value. Gold prices have an inverse relationship to interest rates and the U.S. dollar. So, given that bond yields are near record lows and federal governments are pumping in billions of dollars to spur consumer demand, there is a good chance for gold prices to move higher by the end of 2021.

Barrick Gold is one of the largest mining companies in the world, and the stock is down 30% from its 52-week high. This decline can be attributed to falling gold prices, the failed acquisition of **Freeport-MacMoRan** as well as **Berkshire Hathaway's** 13F filings that showed the investment company sold its entire stake in Barrick Gold in Q4 of 2020. Berkshire had purchased over 20 million Barrick Gold shares in the second quarter of 2020.

However, Barrick Gold is a blue-chip TSX stock that generated US\$3.4 billion in free cash flow last year. This allowed it to reduce debt by a significant margin and increase dividends as well.

Analysts tracking Barrick Gold stock have a 12-month average target price of US\$29.68, which is 32% above the current trading price.

Hexo

The final stock on the list is **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), a leading cannabis company in Canada. Shares of Hexo have grossly underperformed the broader markets, as the stock is down 85% from its record highs. The Canadian cannabis industry has been impacted by a slew of structural issues that include a thriving black market, lower-than-expected demand, and mounting losses.

This has meant Hexo and peers have continued to raise equity capital, further diluting shareholder wealth over the last year. However, Hexo's [recent quarterly results](#) and product expansion should keep long-term investors interested.

Hexo almost doubled its sales year over year in the quarter ended in January 2021. Its net sales were up 94% at \$32.8 million. Further, the company confirmed it will launch six new brands in the cannabis-infused beverage segment that has been estimated at \$8 billion in Canada.

Hexo stock is currently trading at \$6.85, which is 40% lower than its average target price of \$9.59.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:HEXO (HEXO Corp.)
5. TSX:REAL (Real Matters Inc.)

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Date

2025/08/17

Date Created

2021/04/23

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