1 Top Beaten-Down Stock That Could Soar Into 2022

Description

There is certainly no shortage of beaten-down stocks on the **TSX Index** these days. Undoubtedly, a vast slate of question marks has sparked a bit of weakness into the fourth quarter of 2021. Forget about the Roaring 2020s. People are talking stagflation and a return to a dreaded 1970s-type of environment. Talk about going from excess bullishness to extreme bearishness, and all in a matter of months! So, is the Roaring 20s off the table in favour of the inflationary 70s?

Probably not. It's natural to look to extreme scenarios, but by doing so, you'll be inclined to take radical action with your portfolio. And that's not a good idea, especially if you're already on track to meet your long-term goals. Instead of scaring yourself out of markets over the horrific "stagflation" headlines or overly bullish "Roaring 20s" headlines, focus on what's the most plausible outcome.

From bullish extremities to bearish: The uncertain road ahead

If possible, try to question the common view of the pundits at any given instance. Sentiment turned from extremely bullish to bearish over the summer. Could it be that expectations were too high? Possibly. In any case, investors should tune out popular opinion, as it's unlikely to help you find securities that are mispriced to the downside. Take a step back and look at the names that may be severely oversold and overdue for an upside bounce. In this piece, we'll check out one name that looks like an impeccable value going into 2022.

Indeed, it's tough to find anyone who's super bullish on 2022, given the incredible gains in the first half of 2021 and the large number of exogenous items that could go wrong. Higher rates, new COVID variants of concern (VoC), slowing economic growth, rampant inflation, and extreme uncertainty in the Chinese market could send shockwaves through markets. But given the markets are forward looking, it's tough to tell what to expect of markets in the new year.

The good thing about having an extensive list of worries is that once they're taken off the list, stocks could have permission to roar higher. Indeed, things can go wrong. But don't count on a worst-case outcome, such as a stagflationary environment plagued by further COVID disruptions (lockdowns and supply chains disruptions) and a U.S. Federal Reserve who's no longer willing to do anything about it.

It's a possible outcome, but don't count on it happening. Surprises work both ways. And, for that reason, investors should continue hedging their bets going into 2022.

Badger likely to climb back in 2022

Consider **Badger Infrastructure Solutions** (TSX:BDGI), a non-destructive soil excavator that serves various firms that have buried assets (think pipelines). The company plays a big role in serving firms in the O&G (oil and gas) field, and despite the profound strength in the energy sector, Badger has continued to sag. In due time, however, I expect that an alleviation of pressures on a number of Badger's clients will spread to it, as more cash is available to put to work on upgrading or maintaining infrastructure.

Indeed, Badger is a long-term play, not a way to game commodity price fluctuations. The company has fallen due to less-than-stellar operating margins. With a solid management team, I think Badger can turn things around, as the environment looks to become more favourable over time. The selling seems way overdone, and investors should treat the pressure as an opportunity to snag the $1.24 billion hydrovac play at a decent multiple. The 1.8% yield is the icing on the cake of a name that's fresh off a nearly 30% plunge.

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