2 Explosive Stocks to Accelerate Your Gains

Description

Investors earn two ways in the stock market. The general rule when you're after capital gains is to buy low and sell high. You want the stock price to rise, not to fall to realize profits. However, you can hit two birds with one stone by buying dividend stocks. Apart from the dividends, there's extra windfall when the price appreciates.

Still, not all investors choose dividend-paying companies. Some prefer growth-oriented firms because their shares could accelerate faster when they break out. Today, an oil & natural gas company and a petroleum & natural gas developer are potential multi-baggers.

The energy sector had an explosive start to 2021. **NuVista Energy's** (TSX:NVA) and **Paramount Resources** (TSX:POU) are among **TSX**'s top performers thus far this year. Their gains from year-end 2020 to October 28, 2021, are 504% and 309%, respectively. The total returns are outrageous and could even soar further with oil prices hitting multi-year highs.

Rise from obscurity

The TSX staged a rebound after its 14-day win streak ended on the 27th and remains in record territory. Meanwhile, NuVista is one of the many smaller industry players that benefit from significantly improving commodity pricing. According to management, the current levels are strongly profitable for the $1.32 billion company.

In the first half of 2021, NuVista is no longer in the red. Its net income was $4.44 million compared to the net loss of $869.1 million in the same period last year. Total revenue (petroleum and natural gas) grew 74% year over year. Notably, its liquidity has improved after reducing its net debt by $77 million during the period.

NuVista takes pride in its greenhouse gas (GHG) performance, which is below the benchmark in North America. Natural gas has the lowest carbon footprint of any hydrocarbon, and it comprises 60% of the company's current production.

Management's focus has always been to maximize free adjusted cash flows and return capital to shareholders. Both are achievable, given NuVista's solid business plan and top-quality assets. This energy stock trades at $6.05 per share.

Top-tier position

Paramount Resources develops both conventional and unconventional petroleum and natural gas reserves and resources. The oil & gas properties are primarily in Albert and British Columbia. It was reported in October 2020 that Paramount bought 17.3 million common shares of NuVista Energy.

This $2.7 billion liquids-focused Canadian energy company boasts a diversified portfolio of assets with top-tier liquids-rich positions in the Montney and Duvernay plays. Paramount engages in exploration, development, and production activities. The intention is to discover new reserves, increase the productive capacity of existing fields. It then extracts, processes, and sells natural gas, NGLs, and oil.

Despite the continuing losses after two quarters in 2021, management said the operating results exceeded guidance, particularly in Q2 2021. Paramount realized costs savings in its capital program and reduced its indebtedness further. Management expects free cash flow by year-end to be between $140 million to $185 million.

Regarding the stock's performance, at $20.39 per share, the trailing one-year price return is a whopping 786.40%. Unlike NuVista Energy, Paramount Resources pays a modest 1.18% dividend.

Potential 2021 winners

Take your pick now as the year winds down. Either one or both energy stocks could be TSX's top performers in 2021.

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1. Dividend Stocks
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2. TSX:POU (Paramount Resources Ltd.)

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