



3 Underperforming Canadian Stocks to Buy Right Now

Description

Yesterday, oil prices corrected over 12% amid hopes of other major oil producers to boost their production to plug the gap created by the sanctions on Russia. The decline in oil prices and the steep selloff over the last few days led to a strong recovery in the Canadian equity markets yesterday, with the **S&P/TSX Composite Index** rising 1.2%. After yesterday's rise, the index is trading 1.3% higher for this year.

However, few Canadian stocks have underperformed the broader equity markets this year. In this article, we will look at three such stocks that have the potential to deliver superior returns over the next three years.

Dye & Durham

Dye & Durham ([TSX:DND](#)), which provides cloud-based software and technology solutions to legal and business professionals to improve efficiency and productivity, has lost over 44% of its stock's value this year. Along with the weakness in growth stocks, the lower-than-expected fourth-quarter performance dragged its stock down. Investors are concerned about steep increases in its prices.

In January, Dye & Durham had increased the price of its Unity Software from \$199 per transaction to \$249, representing a 900% increase in the last 12 months. Investors are worried that the steep increase could lead to a higher churn rate, thus impacting its growth. Its clients have filed a class-action lawsuit against Docebo for going back on its earlier stated promise not to increase its price for three years.

However, I believe the correction is overdone. The company has been growing its financials at a healthier rate amid a growing customer base, increasing average revenue per customer, and strategic acquisitions. It [completed](#) the acquisition of **TELUS's** financial solutions business in December for \$500 million. It has also signed an agreement to acquire Link Group, which could strengthen its position in the United Kingdom and Australia. So, given its substantial growth prospects and discounted stock price, [I am bullish on Dye & Durham](#).

Lightspeed Commerce

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) continues to be under pressure since Spruce Point Capital Management had published a short report in September. It has lost close to 82% of its stock value compared to its September highs. Meanwhile, the rising adoption of online shopping has prompted many businesses to adopt the omnichannel selling model, expanding the addressable market for the company.

Amid the rising demand, Lightspeed Commerce has expanded its payment solution to new markets and business verticals and has introduced new, innovative products to drive growth. Its growing customer base, increasing average revenue per unit, recurring revenue, and strategic acquisitions could continue to drive its financials in the coming quarters.

So, given its healthy growth potential, I believe investors should utilize the steep correction in Lightspeed Commerce's stock price to accumulate the stock to earn substantial returns over the next three years.

Tilray

The cannabis sector continues to be under pressure amid the lack of progress on cannabis legalization at the Federal level in the United States and the decline in Canadian recreational cannabis sales. Amid the weakness, **Tilray** ([TSX:TLRY](#))([NASDAQ:TLRY](#)) has lost over 20% of its stock value this year.

Meanwhile, Tilray has acquired a substantial market share in the Canadian recreational and medical cannabis space. It is introducing new products and expanding its distribution network to strengthen its position further. The company, which has acquired around 20% share in the German medical cannabis segment, looks to expand its footprint in other European countries utilizing its EUGMP-certified production facilities and strong distribution network. Also, it is one of the few cannabis companies that has become profitable.

It has reported a positive adjusted EBITDA for 11 consecutive quarters. So, despite the near-term volatility, I expect Tilray to deliver substantial returns over the next three years.

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1. NASDAQ:TLRY (Tilray)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DND (Dye & Durham Limited)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:TLRY (Aphria)

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