The 5 Most Disappointing Stocks of 2017

Description

Shareholders of **Canopy Growth Corp.** (TSX:WEED), **Aurora Cannabis Inc.** (TSX:ACB), and **Aphria Inc.** (TSX:APH) have got to be pleased with the way the year has turned out.

It's hard to believe that three cannabis stocks on the TSX would go over a $1 billion market cap in 2017. Anyone who says they're not surprised is either wildly optimistic or smoking too much of the trio's products.

All three would have to be considered the biggest stock successes of the past year. What about the failures? Those stocks that failed to live up to expectations.

Here are my five most disappointing stocks of 2017.

AGT Food & Ingredients Inc. (TSX:AGT)

Down 43% on the year through December 12, the Saskatchewan processor of lentils, beans, chickpeas, and other pulses at facilities in six countries around the world, including Canada and the U.S., failed to deliver in 2017.

Back in March, I'd suggested it was time to get hungry for AGT stock. At the time, it was trading near its 52-week low of $31.26; I was certain this was a good entry point.

Well, if you follow AGT stock, you know it went on to lose almost 40% of its value and now trades around $20, well below its all-time high of $41.13 set in April 2016.

The good news is that **Fairfax Financial Holdings Ltd.** invested almost $200 million in preferred shares in July that pay 5.375% interest and provide 5.7 million warrants exercisable at $33.25 a share that, if exercised, would make Prem Watsa's company AGT's biggest shareholder at 19%.

To me, this is the year's biggest disappointment.

DHX Media Ltd. (TSX:DHX.B)(NASDAQ:DHXM)

I first found out about the Halifax-based company from a financial advisor friend I know in Truro, which is an hour up the road from the Nova Scotia capital.

He mentioned the company a couple of times in passing as far back as 2015 when it was trading near $10 and getting some serious attention from U.S.-based small-cap investment managers.

As things tend to happen, I forgot about it until May of this year, when DHX Media announced it was buying 80% of the *Peanuts* and *Strawberry Shortcake* characters for US$345 million with Charles Schultz's family retaining 20% ownership.

I thought it made sense, but ever since the deal closed, DHX's stock's been in a downward spiral that will likely end in it being acquired for cents on the dollar.

I still believe the assets are worth more than $4 a share, but it's a disappointing turn of events just the same.

Aritzia Inc. (TSX:ATZ)

The specialty retailer went public in October 2016 at $16; I was a skeptic from the beginning, so the fact it's down 28% in 2017 with 10 days of trading left in the year is hardly disappointing to me, but it should be for those who'd bought shares over a year ago.

In October, I'd suggested that investors interested in its stock, look to pick up shares whenever the price dips. Where that entry point is is up to you, but I wouldn't buy at higher than $12, because its business continues to slowly unravel.

Cineplex Inc. (TSX:CGX)

Heading into 2017, Cineplex was looking like it would continue to deliver superior results for shareholders. Fool contributor Demetris Afxentiou elaborated on three reasons why its stock would grow in 2017.

One of them was that 2017 would have more blockbusters than in 2015 and 2016; that didn't happen. Sure, the new *Star Wars* film will be big, but the cupboard was pretty bare this year when it came to blockbusters.

I didn't predict this year's disappointing box office any more than he did. As one of the best-run Canadian public companies, 2017 can't end fast enough for Cineplex.

Alaris Royalty Corp. (TSX:AD)

This past year was a case of one step forward and two steps back for the Calgary alternative lender/private equity business.

Its stock is only down 15% on the year, but when it's traded as high as $36 as recently as January 2015, Steve King and the rest of the management team have to be disappointed with how a handful of problems have morphed AD stock into a permabear.

For me, a big supporter of the company's business model, I'm also disappointed in how this year has failed to turn around for the company, despite putting several issues to bed.

I'm cautiously optimistic heading into 2018.

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2. TSX:AD.UN (Alaris Equity Partners Income Trust)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:CGX (Cineplex Inc.)
5. TSX:WEED (Canopy Growth)

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