



Make a Cool \$27K With These 3 Top Contrarian Stocks

Description

Hello again, Fools. I'm back to highlight three stocks that dropped sharply last week. Why? Because the biggest market riches are made by buying quality companies

- during times of maximum market stress;
- when they're [being downgraded by analysts](#); or
- when they're selling at a steep discount to intrinsic value.

Going against the herd remains the most straightforward way to "play" the market. After all, it's far easier for a stock to pop when has already been beaten down.

So, if you have [\\$27K in a TFSA account](#), for example, there's no better way to double your money in a relatively short period of time — while limiting your downside — than with well-researched contrarian stocks.

Let's get to it.

Chronic pain

Leading off our list is medical marijuana specialist **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)), whose shares sank 8% last week.

The big drop came after Cowen analyst Vivien Azer lowered her near-term expectations for the entire cannabis industry. After meeting with the management of another pot producer, **Tilray**, Azer said that supply in Canada remains constrained. She moderated her Q1 revenue estimates for the industry as growth will probably be modest.

On the bullish side, she stopped short of downgrading Cronos and maintained her "market perform" rating on the stock.

Even with last week's dip, Cronos shares are up 58% so far in 2019 and have returned 154% over the

past year. Of course, with a beta of 5.1, only aggressive investors need apply.

Bad indigestion

With a decline of 7% last week, restaurant chain operator **MTY Food Group** ([TSX:MTY](#)) is next on our list.

Triggering the decline was MTY's announcement to acquire U.S. pizza store operator Papa Murphy's Holdings for about \$253.2 million, including debt. Bay Street isn't thrilled with the purchase price that MTY is paying — US\$6.45 in cash per share — as it represents a healthy 32% premium from where Papa was trading.

That said, MTY sees the move as a solid growth opportunity.

"We expect the combination of these two companies and the expertise it brings to produce tremendous opportunities for MTY's U.S. expansion objectives," said MTY CEO Eric Lefebvre.

MTY shares are now down 11% in 2019 and off 21% over the past six months.

Golden decline

Rounding out our list is gold explorer **Torex Gold Resources** ([TSX:TXG](#)), whose shares sank 14% last week.

No major company-specific news came out last week, so it's safe to assume that Torex's big drop was fueled by the overall decline in gold prices. In fact, gold fell below a key \$1,300 level on Thursday, as strong U.S. labour and inflation data caused investors to lose interest in the shiny "safe haven." It was a quick reversal from earlier in the week when gold prices received support due to concerns over an economic slowdown.

After a hot start to the year, Torex shares are now down 22% over the past month.

The bottom line

There you have it, Fools: three beaten-up stocks worth checking out.

As always, don't consider them formal recommendations. Instead, view them as a jump-off point for more research. Trying to catch a falling knife can be hazardous to your wealth, so plenty of homework is still required.

Fool on.

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1. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. TSX:CRON (Cronos Group)
3. TSX:MTY (MTY Food Group)
4. TSX:TXG (Torex Gold Resources Inc.)

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