



## Warning: 3 Stocks That Just Got Dinged By the Pros

### Description

Hi there, Fools. I'm back to call your attention to three stocks [recently downgraded](#) by Bay Street. While we should always take professional opinions with a grain of salt, downgrades can often call our attention to hidden risks.

And for [value investors](#), they can even be an interesting source of contrarian buy ideas.

So, without further ado, let's get to it.

### Auto-incorrect

Topping off our list is auto dealership company **AutoCanada** ([TSX:ACQ](#)), which was downgraded by Canaccord Genuity analyst Derek Dley to "hold" from "buy" earlier this week. Dley also lowered his price target to \$10 (from \$14), representing about 10% worth of downside from current prices.

The downgrade comes off the heels of AutoCanada's weak first-quarter results last week. In fact, AltaCorp Capital's Chris Murray also lowered his price target to \$15 from \$18 on the poor quarter.

"Given the Company's history and recent trading, we believe that taking a cautious approach and waiting for additional information is the correct stance for fundamental investors as is could continue to take until year-end to see improvement materialize," said Murray.

AutoCanada shares are down 3% so far in 2019.

### Bad Kinder surprise

Next up we have energy pipeline company **Kinder Morgan Canada** (TSX:KML), which was downgraded by Credit Suisse analyst Andrew Kuske earlier today. Kuske also lowered his price target to \$14 (from \$16).

According to Kuske, Kinder Morgan's strategic review decision to "remain a standalone public entity" is

extremely disappointing and suggests that management didn't sufficiently consider bids for the whole company.

Kuske thinks that Kinder Morgan now faces two overhangs: "(1) inferred from the lack of a transaction is the bids were too low that exerts likely downward pressure on the stock; and (2) KML potential use of the pristine balance sheet to acquire something (other than KML shares) is another aspect of uncertainty."

Kinder Morgan shares are now off about 21% in 2019.

## Killam me softly

Rounding out our list is residential real estate owner **Killam Apartment REIT** ([TSX:KMP.UN](#)), which Industrial Alliance Securities analyst Brad Sturges downgraded to "hold" from "buy" earlier this week. Sturges also planted a price target of \$19.75 on the shares, representing about 5% worth of upside from current prices.

While Sturges remains bullish on Killam's NAV per unit and cash flow growth going forward, he thinks the valuation is a little stretched at this point. After steady appreciation in recent months, Killam's total return potential may be "more limited" in the near term.

"Our Hold rating balances these investment considerations with Killam's investment risks including high geographic concentration in Atlantic Canada and potential development risks, as well as Killam's NAV premium," wrote Sturges.

Killam shares are up 18% in 2019.

## The bottom line

There you have it, Fools: three recently downgraded stocks that you might want to check out.

As is always the case, don't view these downgrades as a list of formal sell recommendations. View them instead as a starting point for more research. The track record of analysts is notoriously mixed, so plenty of your own homework is still required.

Fool on.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:ACQ (AutoCanada Inc.)
2. TSX:KMP.UN (Killam Apartment REIT)

### PARTNER-FEEDS

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