



Take Profits: 3 Stocks Hitting 52-Week Highs to Sell Right Now

Description

If you're looking to [de-risk](#) your portfolio, acting on short-term market movements can help you do so successfully. Stocks that are trading at 52-week highs can sometimes provide you with this opportunity to take some money off the table and pocket your gains.

Here are three stocks that have been enjoying the good times, but that appears to be good places to turn to sell into market strength.

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#))

Once again, Shopify has blown through analyst price targets in short order, with this [tech stock](#) hitting all-time highs.

At some point, the market will take note of the fact that this stock is pricing in much of the good news and then some. With revenue growth slowing and reinvestment into the business, Shopify is still reporting losses.

The competitive environment for e-commerce platforms is intensifying, and although Shopify has built itself into a leader in the space, this is a potential headwind to watch.

Shopify continues to have big downside, while upside appears more limited.

Descartes Systems Group Inc. ([TSX:DSG](#))([NASDAQ:DSG](#))

Descartes stock is up 58% year-to-date, as this SaaS logistics and supply chain management solutions provider continues to clock strong growth, as strategic acquisitions fuel growth rates, cash flow expansion, and profitability.

But at this time, Descartes' valuation has hit all-time highs and is even approaching overvalued territory, as it is trading significantly above its peer group, which includes **CGI Inc.** and **Open Text**.

In a market that is also at all-time highs, it doesn't look so bad, but should the market become more jittery, stocks like this will be hit hard.

Morneau Shepell Inc. (TSX:MSI)

Morneau Shepell has been a solid, consistent performer over the years, with the stock trading at all-time-highs today.

While I like the business model of this company, which is a very strong cash generator and successfully expanding into the U.S., it remains highly indebted and highly valued.

Another red flag with this stock is the fact that it has missed earnings' estimates in at least the last four quarters. This is often an indicator of stock price weakness, and if it continues, we need to be more and more convinced that the stock is pricing is an overly bullish outlook.

Final thoughts

Sometimes stocks that are trading at 52-week highs are just screaming to be sold, as business fundamentals are at risk and valuation is at historical highs.

This is a great opportunity to take profits in these types of stocks, in effect raising cash and lowering the risk of your overall portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:SHOP (Shopify Inc.)

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