



An \$8 TSX Index Stock That Could Easily Double

Description

If you're one to seek huge near-term rewards, then it's essential that you understand the potential near-term downside risk that you could face. We're long-term investors here at the Motley Fool, not traders looking to make a quick buck overnight or even over a few weeks. We're looking for wonderful businesses at wonderful prices, and we intend to hold investments in these businesses for many years at a time.

So, while the stock mentioned in this piece could easily double over the near or medium term, it's also been one of the more volatile investments out there of late, so it's possible that the name could lose a quarter (or more) of its value before it sees the highs again.

As a Fool, you need to be in it with a long-term mindset if you're to see the big rewards at the end of the tunnel. So, without further ado, here's a TSX stock that could realistically double either before or after more short-term pain.

Enter **Indigo Books & Music** ([TSX:IDG](#)), the bookstore chain that we Canadians all know and love. Indigo stock is down big time over the last year. Since last March, shares have roughly fallen 65% from peak to trough. The brutal decline that was no thanks to last year's postal strike, which ultimately "turned double-digit gains in October into [double-digit declines](#) in November and December," as pointed out by fellow Fool Will Ashworth.

Talk about an abrupt reversal of fortune!

The sluggish Canadian economy and the continued rise of e-commerce probably isn't helping the situation. Although the decline is massive, I think it's exaggerated. If Indigo, a brick-and-mortar book retailer, were to go down, it would have gone down many years ago. **Amazon.com** had bookstores in its cross-hairs from the get-go, after all!

At the time of writing, Indigo trades at 0.6 price-to-book and 0.2 times sales. Talk about deep value! All the Indigos I've been to have healthy levels of customer traffic, and with competitive prices both online and in-store, I see a big rebound once book season returns without the postal strike.

Moreover, rumours in the air suggest that Indigo could be taken private at a time when the stock is severely undervalued.

I get it. Mall-based [brick-and-mortar retail](#) stinks, but given the valuation and how robust the company has been since Amazon's rise to fame, it's hard to take a pass on the name at these depths.

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Date

2025/08/18

Date Created

2019/06/23

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