2 Risky Stocks for the Dangerous Buyer

Description

While I would always recommend that investors should manage risk effectively, balancing that risk with conservative stocks to see them through the long term, there are those out there that simply cannot help themselves.

Ahead of a recession, there are plenty of opportunities for investors looking to take a risk and potentially make some serious cash when the market downturn has passed. It's certainly possible, and if you're the kind of investor looking for those types of stocks, there are two I would recommend at the moment.

Canopy Growth

It seemed as if **Canopy Growth** (TSX:WEED)(NYSE:CGC) was all but invincible over the last year. While the stock did move up and down with both the markets and the cannabis industry as a whole, its share price remained relatively steady at just under $50 per share. That's quite the jump from an initial price of $0.15 per share.

But then came two moments. First was the firing of founder and CEO Bruce Linton, who was pushed out by **Constellation Brands** after the partner believed the company needed to be doing more to prove to investors it was able to make money and not just make promises. After all, Canopy has been acquiring businesses and moving into markets all over the place but with not much to show for it.

Then that came to fruition when Constellation extinguished $1.18 billion worth of warrants on its US$4 billion investment into Canopy. This brought the latest earnings loss to a whopping $1.28 billion. Of course, without that loss from Constellation, the company would have lost about $105 million, which, although much better, is still not exactly a profit.

Needless to say, the stock has been dropping ever since, recently hitting its lowest point this year at around $34 per share. But analysts, while they downgraded Canopy, think investors may have overreacted. The company is still set up to bring in revenue of $1 billion in 2020, according to management, and expects profits in the next three to five years.

So, whether you're looking for a return to usual at around $50 per share or long-term growth in the next five years, Canopy is a great option. This could happen sooner as opposed to later, as the company still had a record harvest and is already cutting back on costs. Though at this point, the stock remains quite risky.

Bombardier

Another favourite risky stock to consider is **Bombardier** (TSX:BBD.B). This stock seems to fall again and again, though it always has at least some sort of rebound with pretty much any piece of good news. And that's what risky investors might be willing to look out for.

The company famously was bailed out over its CSeries airliner, which was then bought by Airbus. Since then, the company has been trying to get back on track in the rail and business jet business but has still managed to have some trouble in these areas as well.

The company has a number of issues across its European and Australian rails that it has been trying to fix. But in that time, Bombardier has still signed on with a number of new clients — two in the last month, in fact. The stock didn't move all that much, as Bombardier recently came down from some fairly negative earnings yet again.

The stock lowered its earnings expectations for the year and still has significant debt of about US$9.3 billion, and it's going to take some time for the company to pay that down, burning through its cash in the process. Yet when it finally does pay those debts, Bombardier has cut back significantly and should return to profit once more in the next couple of years. For the impatient investor, Bombardier should at least see its stock increase past the $2 mark in the near future. That's a potential upside of 17.6% as of writing.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:BBD.B (Bombardier)
3. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise

5. Yahoo CA

Category

1. Investing

Date
2025/07/05
Date Created
2019/08/24
Author
alegatewolfe