



These Were the Worst-Performing Stocks on the TSX Last Week

Description

The **S&P/TSX Composite Index** posted a strong performance last week, rising nearly 2%. While the majority of TSX stocks rose alongside the index, some companies weren't as lucky. The three stocks below each lost *more than 10%* in just five days. If you want to find [bargains](#) in a rising market, here are three attractive candidates.

Down and out

Last month, **Imperial Metals** ([TSX:III](#)) stock shed roughly 11%. The reasons are unclear. The latest news occurred several week ago, on August 15, when the company reported second-quarter earnings. Even back then, the news wasn't monumental. Revenue came in at \$22 million — a slight decline from last year. Quarterly GAAP EPS was -\$0.08, but the loss wasn't surprising, considering Imperial has failed to generate a gross profit in each of the last five quarters.

In total, the 11% down move appears entirely unwarranted. Imperial's market cap is just \$300 million and volumes are limited, so it's not surprising to see shares move irrationally. Can you profit by purchasing beaten-down shares? I'd be cautious.

In 2002, Imperial divested its oil and gas assets to become a pure-play mining company. The company now owns several mining projects that produce everything from gold and silver to zinc and copper. But despite the fact that it literally mints gold, Imperial has shown a consistent ability to destroy shareholder capital. This isn't uncommon in the mining industry.

Since 2004, shares have cumulatively *lost* around 20% of their value. While share price movement never tells the whole story, it's telling that the company hasn't been able to generate net positive shareholder wealth after 15 years of trying. I'd stay away from this one.

This is your chance

Zymeworks ([TSX:ZYME](#))(NYSE:ZYME) is far from Imperial Metals. The company's market cap

exceeds \$1 billion, volumes are ample, and management has proven an ability to create value for stockholders. Since its IPO in 2017, the stock price has *doubled*. After a multi-week winning streak, shares reversed last week, falling a bit more than 10%. Unlike Imperial, this actually looks like an attractive investment opportunity.

Zymeworks is a clinical-stage biotech company based out of Vancouver, British Columbia. It develops protein therapeutics to treat cancer, autoimmune, and inflammatory diseases. Critically, the company's products are a result of its molecular modeling software that helps optimize protein structure. So, in a way, Zymeworks is more of a tech company than a pharma company.

After a slew of deals this year, the company has now amassed nine active partnerships that include more than \$8 billion in potential milestone payments and royalties. If the company's technology platform is a success, shares could have more than 800% in upside based on current deals alone. Long term, this could be a multi-bagger several times over. The latest dip is a rare opportunity to get in at a discounted price.

Cannabis slump

Canopy Rivers is another \$300 million company that had a tough week. Shares fell around 10%. The only news last week was actually positive. Its portfolio company, Herbert Works, received an R&D license from Health Canada to develop branded cannabis-infused beverages. Canopy Rivers owns 23% of Herbert Works.

If the news was positive, why the dip? The marijuana industry has been a wild ride. One of the [biggest lessons](#) of cannabis investing is to expect unforeseen volatility. Especially with these small-caps, sudden and unexplained moves are common. If you want to bet on cannabis, take a look at some of the smaller companies in the industry that have drifted lower despite improving fundamentals.

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1. Cannabis

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1. NASDAQ:ZYME (Zymeworks)
2. TSX:III (Imperial Metals Corporation)

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