Young Investors: 3 Stocks Sitting at 52-Week Lows to Pounce On

Description

Hello again, Fools. I'm back to call attention to three stocks trading at new 52-week lows. Why? Because the big gains in the stock market are made by buying attractive companies

- during times of maximum investor pessimism; and
- when they're available at a clear discount to intrinsic value.

As legendary value investor Warren Buffett once quipped, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

Let's get to it.

Broken trust

Leading off our list is cannabis company **CannTrust Holdings** (TSX:TRST)(NYSE:CTST), which is down a whopping 70% over just the past three months and currently sits near 52-week lows of $2.10 per share.

Regulatory issues have walloped the shares in 2019 with the latest bit of bad news coming last month. That's when Health Canada determined that CannTrust's key Vaughan facility is non-compliant with certain regulations. Specific observations included insufficient security controls and inadequate quality assurance investigations.

"We are looking at the root causes of these issues and will take whatever remedial steps are necessary to bring the company into full regulatory compliance as quickly as possible," said CEO Robert Marcovitch.

CannTrust is down more than 80% over the past year and currently sports a price-to-book ratio of 1.6.

Getting booked

Next up, we have book retailer **Indigo Books & Music** (TSX:IDG), whose shares have plunged 47% in 2019 and are trading near 52-week lows of $5.84 per share.

The rise of e-commerce has led to consistent EBITDA losses for Indigo over the past several quarters, but now might be an opportune time to pounce. Currently, the stock trades at a paltry price-to-book ratio of 0.7 as well as a price-to-sales ratio of just 0.2.

In the most recent quarter, Indigo posted a net loss of $19 million as revenue decreased 6%.

“While we continue to face many of the same headwinds from last year, strategic steps to recharge growth, increase productivity and improve profitability are well underway,” said CEO Heather Reisman.

Indigo is down 59% over the past year.

Rooting interest

Rounding out our list is clothing retailer **Roots** (TSX:ROOT), which is down 24% so far in 2019 and trading near 52-week lows of $2.30 per share.

Slumping sales amid poor traffic have weighed heavily on the shares, but trends are moving in the right direction. While same-store sales declined 3% in Q2, total sales were up 2.5%, driven by solid men’s and women’s performance as well as strong e-commerce growth.

“We entered the quarter with a more seasonally appropriate offering and consumers are responding well to our back-to-school assortment,” said CEO Jim Gabel. “We are also seeing an improvement in the flow of goods from our [distribution center], but we still have more work to do in advance of our peak holiday selling periods.”

Roots is down 66% over the past year.

The bottom line

There you have it, Fools: three ice-cold stocks hitting new 52-week lows.

As always, don’t see them as formal recommendations. Instead, view them as a starting point for more research. Trying to catch a falling knife can be hazardous to your wealth, so plenty of homework is still required.

Fool on.

CATEGORY

1. Investing

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1. Cannabis

TICKERS GLOBAL

1. TSX:IDG (Indigo Books & Music)
2. TSX:ROOT (Roots Corporation)

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