



3 Stocks I'd Stay Far Away From

Description

As important as it is to find good stocks to invest in, it's also crucial to avoid certain ones as well. Below are three stocks that I wouldn't risk investing in today for a variety of reasons:

Aimia Inc ([TSX:AIM](#)) has struggled over the past year, as its share price has fallen by 16% in just 12 months. With the company selling its Aeroplan program to **Air Canada**, there are question marks about how Aimia moves forward to create value for its shareholders.

The company has also been under fire from its shareholders, with a group recently calling for the removal of four board members.

We've seen with other stocks how activist investors can sometimes wreak [havoc](#) on a company, and that's a big reason I'd stay away from Aimia today.

There's simply too much uncertainty facing the company today, and when combined with profits normally being fairly slim — and sometimes non-existent — it becomes difficult to find a reason to invest in the stock today.

Although it's trading below book value, that's likely indicative of the risk that investors see in the company.

SNC-Lavalin Group Inc (TSX:SNC) is about as risky a stock as there is on the **TSX**. The stock has risen about 17% in the past month and has been showing signs of life. However, with little reason to justify such a spur of optimism, it leads me to believe that the stock has gotten some life from speculators taking a chance that the stock could recover.

But for value-oriented investors, concerns about the company going to trial and it significantly [changing its business](#) present some significant roadblocks to investing in SNC today.

The company is in uncharted territory, which makes it dangerous, as there's no telling where the stock might go from here.

Even if the company is successful in avoiding a bad result in court, the amount of negative press it has endured over the past year will ensure it takes a long time for the company to recover. Meanwhile, if the bad news doesn't end for the company, SNC's stock could continue to fall and reach new lows.

Automotive Properties Real Estate Investment Trust ([TSX:APR.UN](#)) isn't a scandal-ridden stock or even one that's been making big headlines. The reason I'm not excited about this stock is that its focus is on automotive properties, which isn't a segment that I'd be very bullish on given the direction that the economy appears to be headed.

Auto sales could be in trouble if times get tougher and consumers have to start cutting back on discretionary spending. With the REIT carrying a fair bit of debt and incurring \$29 million in interest expenses over the past three quarters, I'd be worried about what the future might hold for the company and how strong its financials might look under more challenging industry conditions.

REITs normally have a lot of stability, but that hasn't been the case for Automotive Properties, as the company incurred a sizeable \$17.9 million loss in Q1 earlier in the year and there's been a fair bit of fluctuation in its bottom line over the past four quarters.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AIM (Aimia Inc.)
2. TSX:APR.UN (Automotive Properties Real Estate Investment Trust)
3. TSX:ATRL (SNC-Lavalin Group)

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Date

2025/08/26

Date Created

2019/09/20

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