



Buying Opportunity: These 3 Top TSX Stocks Are Down 50%

Description

In a world where countless stocks are suddenly much cheaper than they were just a few weeks ago, how should investors go about surveying this buying opportunity?

I have a suggestion. Let's focus on the stocks that have fallen the most. Sure, not all of these names will be attractive, but I bet investors can find a few golden buying opportunities scattered about.

Here are three Canadian stocks that are down at least 50% — companies that look poised to be [terrific gainers](#) once everything goes back to normal.

Imperial Oil

I know, I know. Nobody wants to even talk about buying oil right now. But I think brave investors who take advantage of the buying opportunity to load up on **Imperial Oil** ([TSX:IMO](#))(NYSE:IMO) today will be rewarded handsomely.

Just a few months ago, Imperial Oil shares were \$35 each. As I type this, shares have fallen all the way to \$16.50. And Imperial has been one of the better performing energy names, too.

The good news is, the company is well prepared to deal with even a long-term bear market in the energy space. It has a solid balance sheet. The dividend is sustainable. The company's management team is top notch. And it has mostly has long-term oil sands production — assets that will just be there, waiting to be extracted at a higher price.

One thing I especially like about Imperial Oil compared to many of its peers is the company's downstream operations. Its refineries process around half-a-million barrels of oil per day. And it provides gas to both Esso and Mobil fueling stations across Canada.

And for the first time in a long time, Imperial has an [impressive dividend yield](#). The stock currently yields 5.3%.

CI Financial

It's been a long, slow decline for **CI Financial** ([TSX:CIX](#)) shares. The stock is down some 50% after topping out at more than \$30 per share in early 2018. Shares are currently around \$15 each.

The company has had to deal with a number of issues. Investors have been abandoning high-cost mutual funds — which are still CI's bread and butter — for cheaper products. It decided to cut the dividend to focus on share buybacks — a move that angered a lot of long-term shareholders who liked the yield. And global markets melting down sure hasn't done the asset management business any favours.

But there are some important reasons why the stock is a good buying opportunity today. The valuation is dirt cheap; CI earned \$2.30 per share over its last four quarters. The company also has a glorious opportunity to gobble up other smaller wealth managers at bargain prices. Even after 2018's dividend cut, CI still yields a robust 4.7%. And CI is rapidly reducing its share count — a move that should have a positive long-term effect.

Cineplex

This one is a very interesting situation. You might remember **Cineplex** ([TSX:CGX](#)) agreed to be acquired for \$36 per share. Shares have now dropped by 50% after investors began to speculate the deal would not happen.

The acquiring company hasn't said a word about the deal being in jeopardy, and the transaction is slated to close sometime relatively soon. Financing has been acquired, and shareholders of both companies have given their approval.

If the deal doesn't close, buying Cineplex at \$19 per share could be a pretty compelling buying opportunity. Yes, coronavirus concerns will weigh on the movie business over the short term. But this is a company that generates gobs of cash flow. The stock has a current market cap of \$1.2 billion. It generated \$170 million in free cash flow in 2019. That puts shares at around eight times free cash flow.

One other thing that makes Cineplex shares a buying opportunity here is the company's diversification efforts. It continues to open The Rec Room and TopGolf locations, concepts that have solid long-term futures.

The bottom line

You won't want to miss out on these buying opportunities. Yes, these three stocks are down big. But they're also set to rebound nicely when the market recovers.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSEMKT:IMO (Imperial Oil Limited)
2. TSX:CGX (Cineplex Inc.)
3. TSX:CIX (CI Financial)
4. TSX:IMO (Imperial Oil Limited)

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