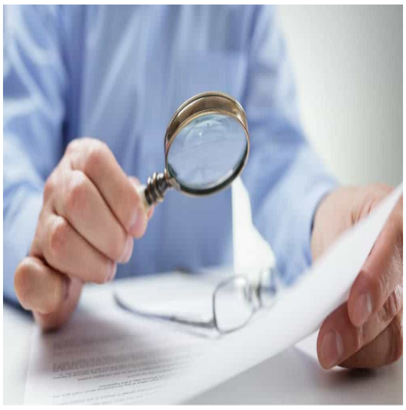

3 TSX Stocks That Cratered up to 75% Recently: Should You Buy?

Description

Irrational exuberance has taken a massive hit in the last few months. While markets at large have continued to soar higher, overvalued stocks have been punished awfully recently. Here are three TSX stocks that have witnessed a huge fall.

Facedrive

The year 2020 was one of the worst years for the broader markets. But Canadian ride-hailer stock **Facedrive** (TSXV:FD) experienced an enormous ascent, gaining from $2 apiece early last year to $60 in February 2021. That's a mindboggling 2,900% surge in just 14 months. However, the stock was even faster to drop, losing more than 75% in the last four-odd months.

Facedrive stock has seemed to have lost its sheen this year. Along with the stock price tumble, its daily trading volume has also dramatically dropped, indicating waning investor interest.

Facedrive has failed to prove its mettle on both operational as well as on the financial front. Its non-related business expansions and acquisitions merely hint at dragging away from its mainstay ride-sharing business.

Notably, FD stock still looks way expensive even after the recent fall. The company boasts a market cap of $1.4 billion but managed to earn revenues of just $7.8 million in the last 12 months. Importantly, the stock might remain weak until it sees visible revenue growth.

Trillium Therapeutics

Trillium Therapeutics (TSX:TRIL)(NASDAQ:TRIL) was one of the top performers last year, rising more than 3,000% in 2020. However, it has fallen to $11 levels this year from $27 a share from late last year.

Trillium Therapeutics is a $1.2 billion biotech company that develops innovative therapies for cancer treatment. Last year's rally was mainly driven by two of its drug candidates that showed promising results in clinical trials. Biotech companies like Trillium are usually loss-making ventures. For Q1 2021, Trillium reported a loss of $10.6 million against a loss of $16 million in the prior quarter.

While investors are waiting for more data from Trillium on potential drug candidates, the stock has lost more than 60% this year. However, this kind of volatility in a small biotech stock is quite usual, making it a more suitable bet for aggressive investors.

Aurora Cannabis

Once an investor favourite, **Aurora Cannabis** (TSX:ACB)(NASDAQ:ACB) stock has failed to impress investors this year as well. It has lost more than 52% since its annual highs of $24 in February. In the last 12 months, ACB stock has lost almost 35%, while **Horizons Medical Marijuana Life Sciences ETF** has gained almost 40%.

The legalization prospects south of the border will likely bring substantial growth opportunities for the cannabis industry. However, challenges have beleaguered this high-growth sector. There has been a flurry of cannabis companies coming to the market, which led to the oversupply.

Aurora has been struggling to keep the top-line momentum for the last several quarters. It reported a significant revenue drop in the recreational segment in the latest quarter, which heavily dented investor sentiment.

When Aurora's financials will improve is anybody's guess. And that makes it a highly risky bet. Perhaps there are several other value bets that offer a better risk/reward proposition.

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