3 Stocks to Avoid in July

Description

It is important to do regular health checks for your portfolio. While you should buy and forget fundamental stocks, it is important to book profits at the right time. Warren Buffett and many passive investors advise giving shares the time to grow, but they also feel the iceberg impact and evacuate the sinking Titanic. Three stocks have hit the iceberg, and it is time to book profits while you still can.

Shaw Communications

Shaw Communications (TSX:SJR.B)(NYSE:SJR) share surged more than 45% in mid-March when it received a too-good-to-refuse offer from **Rogers Communications**. At $40.5/share, Rogers has offered a 70% premium to Shaw shareholders. Shareholders can't get this kind of return, even if they earn a 3.3% dividend yield for a decade. At present, Shaw stock is trading at its all-time high of over $35. Now, you may think that staying invested can get you another 12% return if Rogers buys Shaw.

The Rogers-Shaw merger is a tough deal to crack. There are many variables that the two have to work around. The workers union, customers, and competition regulator could oppose the deal even if shareholders unanimously approve. Don't wait for that 12% return. If the deal doesn't happen, Shaw stock will take a nosedive.

$35 is a good exit price for Shaw shareholders. Book your profit now and put it in **BCE**. The stock will not only give you a 5.7% dividend yield, but it will also increase dividends by 4-6% every year. Moreover, the 5G momentum will drive the share price 40-50% in the next five years.

BlackBerry stock

Although I am bullish on **BlackBerry** (TSX:BB)(NYSE:BB), I suggest taking profits on the stock while Redditors continue to buy. BlackBerry stock is hovering between $15 and $19. If you own the stock, sell when it reaches $18 or $19, but don't buy it at $15. This is not the price that its fundamentals can sustain. BlackBerry's fiscal 2020 first-quarter revenue fell 15.5% year over year, and it expects fiscal 2022 revenue to decrease 22%, as BlackBerry mobile phones reach a death knell.

The company still needs two to three years for its automotive (QNX, IVY) and embedded (Spark) platforms growth drivers to churn revenue. Redditors just made a mess out of the stock price. I expect steep corrections in the share price in July. Hence, I would recommend taking profits on the stock when it reaches $18. I will keep you posted on when to buy the share and at what price. Such stocks are only profitable when purchased at the dip. Even Prem Watsa bought BlackBerry below $10.

Facedrive stock

The last stock you would want to hold is **Facedrive** (TSXV:FD). This so-called green ride-sharing company has suddenly moved to a food-delivery service. Its first-quarter revenue reveals the real picture. Ride-sharing revenue fell 85%, and 82% of the revenue came from food-delivery services. The company has no organic growth and only acquisition-driven growth. Hence, the stock has dipped 75% from its February high.

The only way investors can profit from Facedrive is by short-selling the stock. But I would not recommend that, as the share's trading volume is not attractive to grab Redditors' interest.

Investor takeaway

If you own any of the above stocks, it is time to take profits. Instead of keeping your funds parked in these stocks, you are better off investing your money in value stocks with significant fundamental upside.

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1. Investing
2. Tech Stocks

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2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:BB (BlackBerry)
4. TSX:SJR.B (Shaw Communications)
5. TSXV:STER (Facedrive Inc.)

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