



3 Top TSX Stocks That Have Dropped up to 80% YTD

Description

While the market has entered a bear zone this week, some TSX stocks are down significantly higher. Even if there are a number of beaten-down names, very few of them offer value for long-term investors. So, buying a stock only because it is trading at record lows could be imprudent.

Here are three top TSX stocks that have shown immense weakness this year.

#1: Aurora Cannabis

Aurora Cannabis ([TSX:ACB](#))([NASDAQ:ACB](#)) stock lost its sheen a while back. This year, it has dropped around 80% and is currently trading at all-time lows. It has been a terrible year for cannabis investors. However, sadly, pot stocks might continue to trade weak because of changing macro situation and their deep-rooted sectoral challenges.

Aurora Cannabis has been struggling for quite a while now. Its declining revenue growth and expanding losses speak for themselves. To add to the investors' woes, Aurora kept diluting its equity as a last resort to finance its operations. In addition, it recently announced the sale of its key facilities in its cost-cutting initiatives.

So, things look ugly for Aurora Cannabis. The legalization of cannabis in the U.S. could be game-changing for the sector. However, that might not happen anytime soon. Driven by its weak fundamentals and sectoral weaknesses, ACB might continue to dig deeper — at least in the short to medium term.

#2: Ballard Power

Canada's fuel cell stock **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) has been no different. It has lost 55% so far and is currently trading at its 30-month lows.

Ballard makes hydrogen fuel cells for heavy commercial vehicles and the stationary power market.

As you must have known by now, rising interest rates disproportionately weigh on fundamentally weak companies. In the case of BLDP, it has seen flattish revenue growth and consistent losses. So, broad market weakness has notably pulled down Ballard stock this year.

Even if hydrogen cars and fuel cells are the next big thing, they are still in a nascent stage. They have been facing exorbitantly higher costs and lack of infrastructure problems for long. So, Ballard will take a long time to create a meaningful shareholder value. Thus, the opportunity cost at the moment looks big.

#3: goeasy

Canada's top consumer lender **goeasy** ([TSX:GSY](#)) also felt the heat of the recent broad market weakness. It has declined 45% this year and is currently trading at its 52-week low.

GSY lends to non-prime borrowers with interest rates starting at 19.99%. Its omnichannel presence, diverse product base and significantly large addressable market have driven above-average growth for GSY in the last decade.

The stock created massive value and returned over 1,800% in the last 10 years, thanks to its superior financial growth.

However, a weaker-than-expected quarterly performance in Q1 2022 and rising interest rates weighed on the stock this year. Though goeasy's operation cost could increase amid rising rates in the next few years, it could pass on a significant chunk of it to its customers.

Also, on the [valuation](#) front, GSY stock looks well placed and is trading 11 times its earnings. So, once the market calms, investors can expect GSY to change its course.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:BLDP (Ballard Power Systems Inc.)
3. TSX:ACB (Aurora Cannabis)
4. TSX:BLDP (Ballard Power Systems Inc.)
5. TSX:GSY (goeasy Ltd.)

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