These 3 Stocks Fell 60% This Year, But Only 1 Deserves it

Description

Not all discounted or downright downtrodden stocks fall under their weight and financial weaknesses. Market and sector-wide slumps are usually common causes for individual stock slumps. If you believe that a stock will recover and grow as soon as the external conditions keeping it down are removed, it's smart to buy these discounted stocks for the additional growth boost they may offer while recovering.

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A tech stock

Coveo Solutions (TSX:CVO) is a clear example of a stock that has fallen a lot in the last couple of years, weighed down by a weak sector. The company has been around for nearly two decades, but the stock is new, and the time it listed on the TSX coincided (not perfectly) with the beginning of the tech sector's fall (Nov. 2021). As a result, the stock has fallen over 67.5% so far since its inception.

The company offers a proprietary AI-powered personalization platform to B2B clients from multiple industries, including e-commerce. Its client portfolio is impressive as well and includes **Dell** and **Charles Schwab.**

The company has been profitable since the stock's inception and has minimal debt. And it's also undervalued, making it a healthy company trading at a heavy discount that you might consider taking advantage of.

A healthcare stock

While it hasn't been the case for a while, there was a time when **Bausch Health Companies** (TSX:BHC) was among the country's most coveted blue-chip stocks. It was counted among the giants, and it all came crashing down in 2016-2017 when the stock lost over 96% of its valuation in about a year.

There were multiple factors behind this fall, many of which are plaguing the company, making it an exciting option to consider. It's not being pulled down due to a weak sector, because even though the healthcare sector in Canada has been in significant disarray since the rapid rise and fall of marijuana stocks, Bausch operates in a completely different domain.

Yet it’s not a fundamentally weak business, and it’s taking measures to capitalize on its remaining strengths. The financials are not fluctuating, but they are not bad, per se. So, even though it might be one of the slightly dangerous discounted stocks that are not for everyone, it doesn’t deserve to be so.

A lithium stock

The post-pandemic bull market was *too* profitable for some stocks as they grew at an almost unprecedented pace. This includes **Standard Lithium** (TSXV:SLI), which rose over 2,300% between March 2020 and Nov. 2021. And not unexpectedly, it went into correction mode and has fallen over 60% since then, losing half of its market value.

This is the natural consequence, and it wouldn’t be a stretch to say that the stock deserved it. And the bear market phase for this stock isn’t exactly over yet, and it may slide down further. However, if the demand for lithium keeps rising due to rapid growth in electric vehicle production, it may start growing again, albeit not as fast as it did after the pandemic.

Foolish takeaway

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The three discounted stocks are worth looking into, but they might not be the perfect buys right now. You may consider waiting for the individual sectors or the market as a whole to recover, which may trigger a recovery for the stocks as well.

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