



## The TSX's Biggest Losers in 2022 (Should You Sell?)

### Description

The troublesome year 2022 has come and gone, but its impact on investor portfolios holding some of Canada's largest companies may be felt for much longer. The **S&P/TSX Composite Index**'s 8.7% decline in 2022 may seem small. However, excluding energy, several non-profitable, non-energy stocks with negative cash flows generally experienced significant declines. Some of the biggest losses were experienced on popular technology stocks like **Nuvei Corp** (down 58%), and **Shopify** ([TSX:SHOP](#)) stock (down 73%), which took heavy beatings.

That said, among the TSX's biggest losers in 2022 were some of Canada's largest listed companies. They lost tens of billions in market value. I looked over the **S&P/TSX 60 Index**, which tracks the 60 largest stocks in Canada. The table below lists the top 10 biggest losers on the TSX in 2022 and provides an estimate of how much investors lost on the respective stocks.

### The S&P/TSX 60 biggest losers in 2022

Ticker	Company	Total Return in 2022	Peak Market Cap (\$ Billion)	Closing Market Cap (\$ Billion)	Total Value Lost in 2022 (\$ Billion)
TSX:SHOP	Shopify Inc.	-73%	\$218.3	\$62.04	\$156.3
TSX:AQN	Algonquin Power & Utilities	-45.8%	\$13.2	\$5.95	\$7.2
TSX:FSV	FirstService Corp.	-29.6%	\$10.6	\$7.44	\$3.13
TSX:GIL	Gildan Activewear	-29.2%	\$10.6	\$6.76	\$3.79
TSX:OTEX	Open Text Corp.	-29.2%	\$16.5	\$10.7	\$5.82
TSX:MG	Magna International	-25.9%	\$33.7	\$22.46	\$11.28

TSX:BNS	<b>Bank of Nova Scotia</b>	-24.1%	\$113.5	\$77.67	\$35.83
TSX:CAR.UN	<b>Canadian Apartment Properties REIT</b>	-22%	\$10.3	\$7.42	\$2.83
TSX:CM	<b>Canadian Imperial Bank of Commerce</b>	-22%	\$74.9	\$50.2	\$24.7
TSX:POW	<b>Power Corporation of Canada</b>	-17.5%	\$29.1	\$21.61	\$7.47

*Shopify leads the 10 biggest losers on the TSX 60 Index with a \$156 billion loss in market cap. Author computations. Data from Koyfin.*

Investors in Shopify stock lost more than \$156 billion to the market in 2022. Investors in banking giants **Bank of Nova Scotia** stock lost \$35.8 billion in 2022. Scotiabank's wide international exposure to emerging markets is of concern if the world market enters a recession. Rising interest rates heightened recession fears during the past year.

Utility play **Algonquin Power and Utilities Corp** ([TSX:AQN](#)) plunged after a worrying earnings release in November and investors lost more than \$7 billion in equity value for the year. Rising interest rates threaten Algonquin's balance sheet and cash flow due to its high indebtedness. Interest costs shot up in the third quarter and management is yet to update the market on any strategic or tactical changes to the utility's operating model in light of the unveiling realities. [Dividend investors](#) rightfully worry that AQN stock's dividend could get cut. However, shares could rally if investors approve management's strategic update on January 12. AQN stock is up more than 7% so far in January 2023.

Real estate names with high leverage yielded to the pressure of rising interest rates and declining buyer capacity as the Bank of Canada intensified its fight against inflation. Automotive sector stocks including **Magna International** traded weaker, even as they struggled to shake off the chip shortage woes and production halts of 2021.

## Should you sell?

The stock market is inherently volatile, and bear markets can be very painful. However, the TSX has a tendency to recover from losses and bull markets usually last longer than periods of declining stock prices. Investment losses remain paper losses until you sell positions.

Whether you should sell your beaten-down TSX stocks or continue to buy the dips depends much on your investment strategy, the remaining time horizon on your [retirement investment plan](#), your opinion about the respective stocks' fundamentals, and the potential for a bull market to return.

You can still hold onto your biggest losers in 2022 if you anticipate their fundamentals to recover during your investment horizon.

For example, Shopify's management wrongly anticipated the hive of activity on e-commerce and online payments during the COVID-19 pandemic to persist. It invested heavily in support infrastructure, and the market went hysterical when revenue and earnings soared to record highs in 2021. However, sad

realities kicked in as physical in-store shopping returned and the company will need time to become sustainably profitable again.

If you have a long timeframe to recoup losses on SHOP stock, and believe that Shopify's business fundamentals and cash burn have room to recover in 2023 and beyond, and you anticipate SHOP's stock price to recover during your holding period, there's no need to realize your paper losses on the stock.

You can hold positions as long-term plays.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. TSX:AQN (Algonquin Power & Utilities Corp.)
2. TSX:SHOP (Shopify Inc.)

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## Author

brianparadza

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