Dividend Investors: 3 Stocks Near 52-Week Lows That Could Be Bargains

Description

One way to look for stocks that are undervalued is to find ones that are trading near their 52-week lows. Although this is a moving target, it does provide an indication of how the share price is performing relative to the past year. However, just because a stock is near its 52-week low doesn't mean it can't go lower and is no different than buying on any other dip. It is important to understand why the stock has taken a nosedive and if it is likely to recover.

In the case of dividend stocks, a share price that has seen a big decline will mean an increase in its yield and makes it appealing to dividend investors looking to lock in a high yield. Below is a list of three dividend stocks that are near their 52-week lows. I'll have a look to see whether these are good potential additions to your portfolio or if these stocks are headed lower.

Smart REIT (TSX:SRU.UN) is trading less than a dollar away from its 52-week low of $29.17 as of writing this, and the stock has dropped 7% of its value year to date. As a result of the large decline in price, the company's monthly dividend now amounts to an annual yield of 6.1%. The real estate trust has a high occupancy rate, and with **Wal-Mart Stores Inc.** anchoring many of its locations, it should provide a good stable investment.

Although in its most recent quarter Smart REIT showed a year-over-year decline of 4% in its top line, the company's occupancy rate continued to be at over 98%. REITs have not had a terribly strong year in 2017, and interest rate increases have not helped by adding more costs to a business model that typically carries a fair bit of debt on its books.

However, Smart REIT has some very large and stable tenants anchoring its locations, and it could be a great buy for the long term.

ARC Resources Ltd. (TSX:ARX) is an oil and gas stock that has seen its stock plunge 32% this year amid a falling price of oil that has failed to generate any sustainable recovery. However, unlike companies like **Cenovus Energy Inc.** and **Encana Corp.**, which have seen strong recoveries over the past three months, ARC has continued to drop further.

Although the company initially saw a boost from a good earnings result back in August, investors subsequently sold off gains, and the stock regressed. ARC's dividend now yields over 3.8% per year and is also paid in monthly installments. This stock certainly looks like it should have seen a better fate and could be a great bargain to buy today.

Callidus Capital Corp. (TSX:CBL) has lost 44% of its value this year, and the stock went off a cliff in August after allegations arose that the company was involved in fraud and that the lending company was deceiving its borrowers. Callidus dismissed the allegations, saying that the claims were "without basis." On the heels of the **Home Capital Group Inc.** scandal, investors are sensitive to hearing about fraud relating to lending companies, so it should come as no surprise that Callidus saw a big drop in price after the news came out.

Although the company's dividend now yields almost 12%, this is a stock I would stay away from until these allegations get cleared up.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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