



Trading at 52-Week Lows: Is it Time to Add These Stocks?

Description

Sometimes, when stocks are trading at [52-week lows](#), there is a good reason. There are systemic and fundamental problems that signal that the secular trend for the company is downwards.

Other times, these companies have [simply hit a road bump](#), whether it is on a company-specific level or in the macro environment. Sometimes, it is in a cyclical industry that is in a downturn.

Each of these reasons would warrant a different action by investors.

The trick is figuring out why the stocks have been so weak. And while this is not always an easy thing to do, if we do this successfully, it is one of the surest ways to make money as an investor.

So, let's take a look at two stocks that are trading at 52-week lows.

Shaw Communications Inc. ([TSX:SJR.B](#))([NYSE:SJR](#))

The stock has fallen 19% year to date, and it is not only trading at 52-week lows, but it is also trading at similar levels as it was five years ago, suggesting a bigger problem.

Revenue and earnings have been static since 2014, and free cash flows have been on the decline, as the company has struggled to keep up with its telecom/cable company peers.

In the coming years, Shaw is facing heavy capital expenditures, as the company attempts to strengthen its wireless capability. Everything from the network to distribution must be revamped, as service has been unreliable.

This stock represents elevated risk, and although Shaw has made some promising progress lately with its wireless subscriber growth, the hyper competitive market and all the work that the company needs to successfully implement means that this stock is only appropriate for those investors that are willing to take on elevated risk.

Maple Leaf Foods Inc. ([TSX:MFI](#))

Maple Leaf Foods has been creating shareholder value for a long time now.

In fact, the stock's 10-year return is a healthy 213%, and the company's history has been of increasing profitability, increasing dividends (+175% growth in dividends over the last three years), and share buybacks — all of these creating shareholder value.

With Maple Leaf Foods, this share price weakness makes it a great long-term buy.

The company has built a national brand, and continues to focus on cost cutting, expanding its geographic footprint, and with cash on its balance sheet, the company is able to do so while continuing to return cash to shareholders.

The stock's weakness is, in my view, just a breather, as valuations may have gotten a little extended.

Going forward, this leading consumer protein company will continue to innovate with new product offerings and acquisitions, driving strong, consistent growth in its \$3 billion revenue base.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:MFI (Maple Leaf Foods Inc.)
3. TSX:SJR.B (Shaw Communications)

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