



2 Stocks Trading at New 52-Week Lows: Should Investors Buy Now and Hold Long Term?

Description

When stocks are trading at new [52-week lows](#), it could mean one of two things.

It could mean that it's for a good reason, and things will keep getting worse and the stock is heading even lower. Or it could mean that the stock is on sale, and investors have the opportunity to snatch up a good deal at a time when short-term struggles have dominated investors' perspectives.

For those investors who can see through the short-term pain and keep their eyes on the long term, it can be very rewarding.

I mean, some of the best investment decisions have been made by picking up stocks when they are trading at lows, with low expectations baked in to the price and with an investor mindset that it focused only on the short term, having lost sight of the long term, hence creating a [mispricing of the stock](#).

AltaGas ([TSX:ALA](#))

AltaGas stock is trading at 52-week lows, as investors have been focused on debt levels and worry about the dividend.

But in my view, this is a short-term issue. This company and its stock will be around for a long time, giving investors reliable income and solid capital appreciation from these levels.

The stock currently has a dividend yield of 10.54%.

Recent developments that are positive for the company and that should inspire confidence are the expansion in the Montney area and the sale of an additional \$560 million in assets as per the company's plan (which brings total asset sales to \$1.5 billion. We can expect another \$500 million in asset sales in the remainder of 2018).

And while dividend increases will be slower than initially expected at the time of the WGL acquisition, the dividend is safe as it is more than covered by cash flow.

Power Corporation of Canada ([TSX:POW](#))

With a 5.74% dividend yield, a one-year return of negative 12%, and the infamous holding-company discount, is Power Corporation of Canada a buy at these levels?

As a holding company that is largely exposed to the financial services industry, with its main holding being **Power Financial** (whose main holdings are **Great West Lifeco** and **IGM Financial**), it is trading at a discount to its NAV.

And while there is a comfort for investors to have their exposure being managed by this holding company, the holdings are very easily replicated, as they are mostly publicly traded companies.

And this — along with the fact that Power Corporation has head office expenses and a voting structure that is controlled by the Desmarais family — leads me to believe that Power Corporation stock should trade at a discount to NAV, and that investors can generate better returns elsewhere, despite the stock trading at 52-week lows.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. Editor's Choice

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1. TSX:ALA (AltaGas Ltd.)
2. TSX:POW (Power Corporation of Canada)

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