3 Top Bargain Stocks to Buy Right Now

Description

Hey there, Fools. I'm back again to highlight a few stocks that have recently fallen to new 52-week lows. As a reminder, I do this because battered stocks can provide

- a very wide "margin of safety," which is crucial component to sound investing; and
- attractive long-term upside if investors are unjustly punishing the company.

As legendary investor Warren Buffett famously said, "Be fearful when others are greedy and greedy when others are fearful."

So, without further ado, let's get to those beaten-down turnaround opportunities.

Muddy mess

Our first stock is **Manulife Financial** (TSX:MFC)(NYSE:MFC), whose shares hit a new 52-week low of $20.29 late last week. Over the past three months, the insurance provider is down 13% versus a loss of 4% for the **S&P/TSX Capped Financial Index**.

Earlier this month, Muddy Waters Capital LLC said that it had taken a short position in Manulife, and the stock has been under pressure ever since. Muddy Waters cited a court case pending in Saskatchewan — which Manulife failed to disclose — for its bearish stance on the company. Muddy Waters thinks the litigation could translate to billions in losses for Manulife.

Naturally, Manulife investors should proceed with caution. But as long as you can stomach high short-term volatility and even the possibility of sharp losses, Manulife's current 4% yield makes it an intriguing idea for long-term income seekers.

Magnanimous value

Next we have **Magna International** (TSX:MG)(NYSE:MGA), which hit a new 52-week low of $61 last week. Over the past three months, shares of the auto parts giant have shed a whopping 20% versus a loss of just 3% for the **S&P/TSX Capped Industrials Index**.

Despite the new trade deal between the U.S. and Canada, specific risks continue to weigh heavily on the stock — mainly the threat of commoditization as well as the potential long-term decline in auto ownership. As my fellow Fool Joey Frenette sharply pointed out, the rising popularity of ride-sharing services — like Uber and Lyft — will eventually make vehicle ownership uneconomical.

But here's the good news for value investors: Magna remains a cash cow. And at a paltry forward P/E of seven and solid dividend yield of 2.8%, the stock seems to have those worries already baked in.

Extended slump

Our final stock is **Extendicare** (TSX:EXE), whose stock hit a new 52-week low of $7.05 last week. Over the past year, the senior home operator is down 22% versus a loss of 2% for **S&P/TSX Composite Index**.

The threat of rising interest rates has pressured the high-yield stock in recent months, but Extendicare's operations are doing just fine. In Q2, net operating income increased 11% as revenue inched up 2% to $279.5 million. The operating margin even expanded 110 basis points to 13%, suggesting that the company's leadership position remains intact.

While growth could certainly be better, management is taking several initiatives — like expanding the portfolio and redeveloping specific long-term centres — to refuel the top line. Meanwhile, with a juicy current yield of 6.9%, shareholders can get paid (handsomely) to wait for that growth to come back.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:MGA (Magna International Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:MG (Magna International Inc.)

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