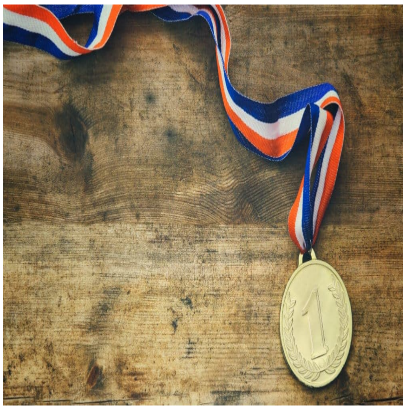

3 Top TSX Index Stocks Hitting 52-Week Lows

Description

Hi there, Fools. I'm back again to highlight three stocks hitting new 52-week lows. As a quick refresher, I do this because the greatest wealth is built by buying solid stocks

- during times of extreme pessimism;
- while they're being ignored and forgotten; or
- when they're trading at significant discount to "intrinsic value."

In other words, the best time to buy high-quality stocks is, quite simply, when no one else wants them.

So, without further ado, let's get to this week's list of bargain plays.

Natural selection

Kicking things off is **Encana** (TSX:ECA)(NYSE:ECA), which hit a new 52-week low of $8.43 late last week. Shares of the natural gas company are down 30% year to date versus a loss of 15% for the **S&P/TSX Capped Energy Index**.

Earlier this month, Encana plunged 15% in a single day — its steepest ever intraday drop — as investors rebelled against the $5.5 billion all-stock purchase for Newfield Exploration. But while it might take a while for Mr. Market to get over the dilution concerns, management remains confident that Newfield will boost Encana's key cash flow figures over time.

With the stock currently trading at a forward P/E of 10, now might be a good time to bet on management's long-term conviction.

Childish behaviour

Next up, we have **Dorel Industries** (TSX:DII.B), whose shares hit a 52-week low of $19.41 on Friday. Year to date, the manufacturer of children's products, bicycles, and furniture are down 36% versus a loss of 10% for the **S&P/TSX Capped Consumer Discretionary Index**.

Trade trouble between the U.S. and China continues to weigh heavily on Dorel. In Q3, net income plunged 28% on a revenue increase of just 4.3%. Moreover, management warned that tariffs on Chinese imports could jump from 10% to 25% in 2019 if a new trade agreement isn't reached.

Of course, the stock now boasts an especially juicy dividend yield of 7.8%. Throw in a comforting beta of 0.4 — 60% less volatility than the market — and Dorel's risk/reward trade-off seems attractive.

Lumber letdown

Rounding out our list is **Canfor** (TSX:CFP), which hit a 52-week low of $18.27 late last month. Shares of the lumber company are off 32% over just the past three months, while the **S&P/TSX Capped Materials Index** is down 11% in the same period.

Troubling market conditions are forcing management's hand. Earlier this month, Canfor said it will temporarily cut lumber production in B.C. by about 10% in the current quarter. The company cited slumping lumber prices, increased log costs, and wildfire-related supply issues for the move.

On the bargain investing/bright side, Canfor now trades at cheapish forward P/E of 11. As long as you can stomach plenty of volatility — beta of 2.1 — the stock remains an intriguing long-term turnaround opportunity.

The bottom line

There you have it, Fools: three beaten-down bargain opportunities for you to consider.

To be sure, they aren't formal recommendations. Instead, view them as a starting point for further research. Stocks in decline can *keep* falling for a prolonged period of time, so extra due diligence is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CFP (Canfor Corporation)
2. TSX:DII.B (Dorel Industries Inc.)

PARTNER-FEEDS

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1. Investing

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