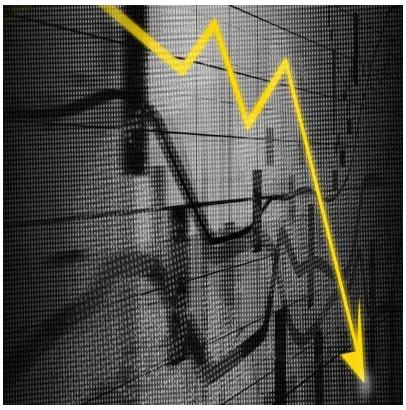

3 Mid-Cap Stocks Near 52-Week Lows

Description

Mid-cap stocks have often been a great hunting ground for value investors. Not quite large enough to be considered by most large mutual funds, but too large to be included in small-cap indexes, mid-cap stocks can offer solid fundamentals at bargain prices.

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Here are three hand-picked mid-cap stocks that are near year-long lows.

ONEX (TSX:OCX)

Over the past 12 months, ONEX stock has experienced a rare drop of around 25%. As I wrote in March, every dip in the company's multi-decade history has provided "an incredible buying opportunity."

ONEX remains your best way to capitalize on Canada's private equity industry. While the company owns and manages an internal private equity portfolio, its biggest opportunity is through managing portfolios for outside investors.

Today, it manages $23.2 billion in capital, through which it earns quarterly management and performance fees. This business is less volatile than solely managing an internal portfolio. For example, around three-fourths of the capital ONEX manages comes from stable institutions like pension funds or insurance companies.

ONEX is basically following the road map of another asset manager, **Brookfield Asset Management**. After Brookfield adopted this model in 2003, shares have risen by 1,000%. ONEX investors are hoping it can do the same.

Stars Group (TSX:TSGI)(NASDAQ:TSG)

Over the past 12 months, shares of Stars Group have shed one-third of their value. The pressures causing this stock to fall are easily identified.

Last year, Stars Group purchased Sky Betting & Gaming for US$4.7 billion. Today, the combined company is worth less than the initial deal amount. Is this your chance to buy two businesses for the price of one?

After the buyout, Stars Group became the biggest digital gambling company in world. While previous investors paid a steep price for last year’s acquisition through share dilution and increased debt, prospective investors have a chance to buy the result at a bargain price.

In 2019, analysts expect the company to earn $2.02 per share, meaning the stock trades at just 12 times forward earnings. This stock has problems, but the valuation is as good as it gets in a pricey market.

Snc-Lavalin Group (TSX:SNC)

With a market capitalization of $6.1 billion, Snc-Lavalin used to be the largest company on this list. Since June, however, shares have lost nearly 50% of their value. It turns out that Justin Trudeau is partially to blame.

Founded in 1911, Snc-Lavalin designs and builds a broad array of infrastructure projects. Recent cost overruns have nearly ruined the company. Last year, it booked a $350 million loss on a mining project, forcing management to cut the dividend for the first time in two decades.

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Then, in March of 2019, the *Toronto Sun* revealed that Trudeau “led a government-wide campaign — involving his highest-ranking officials and advisors — to politically interfere in Snc-Lavalin’s criminal prosecution on corruption charges.”

The political fallout has been swift, but it’s still unclear whether Snc-Lavalin will face blowback. If you’re willing to take the chance, shares are likely underpriced if the company can move past the recent scandal.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)
2. TSX:ONEX (Onex Corporation)

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Category

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