



2 Top Dividend Stocks Trading at 52-Week Lows

Description

As many investors know, stocks are always moving up and down all the time and can form trends in the short term, but if the company is a quality business, has good management and operates in an important industry, over the long run, the value will always be appreciating.

As long-term investors, you will mostly want to ignore the short-term movements and trends in the stocks. You can however, use them to your advantage, buying up great companies when they are at their 52-week low to get them for a little bit cheaper than you otherwise might have.

Holding these high-quality business for the long-term will reward you significantly and potentially even more than you initially planned.

Two quality long-term stocks to consider that are trading less than 10% off their 52-week lows today are **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) and **Gamehost Inc** ([TSX:GH](#)).

A&W

A&W Revenue Royalties Income Fund has a stake in over 950 A&W restaurants across Canada that sees it receive a royalty on system-wide sales.

This means that a portion of every item sold at A&W locations across Canada goes toward the fund. As the fund aims to payout 100% of its income, it essentially goes toward funding the dividend for investors.

The restaurant industry has been under some slight pressure over the last few quarters, however the fast food segment, which A&W operates in hasn't been as affected.

In addition, A&W's brand in Canada is massive and growing, second only to **McDonald's** in the [burger category](#), with more than 16% of the Canadian market share, roughly double its next closest competitor.

The company's strong marketing and aggressive build-out of its stores have contributed to great consumer awareness around A&W's products and contributed to growth in same-store sales, one of the most important metrics for royalty companies.

Same store sales growth reached nearly 10% in 2018 and has propelled system wide sales to roughly double since 2009.

The number of stores in A&W's network has also played a major part, and has been grown rapidly as well over the past few years. This has helped sales to grow considerably, but not as much as A&W's strong same-store sales growth.

The growth in system-wide sales have led to strong dividend growth by A&W, increasing its dividend by 33% over the last five years, or a compounded annual growth rate of 5.8%

The dividend yields just over 5% today and can be expected to continue to grow, so consider buying A&W as soon as possible, while it's still trading at these depressed prices.

Gamehost

Gamehost is a gaming and hospitality company that owns a portfolio of three casinos and a hotel, which are all located in Alberta.

Although the company has been impacted by the rough patch the Albertan economy has faced over the last few years, its robust business has been able to continue to generate a profit.

Its sales have been dropping off slightly for the last few years, and though the company used to earn a return on equity of roughly 20% before Alberta started to have its economic problems, the company is still able to generate a 15% return on equity despite the drop off in sales.

The good news for investors is that the issues in Alberta are only temporary, so when those issues are eventually resolved, Gamehost can expect to see a major increase to its business.

Because the stock has been so unloved, you can gain exposure today at a price-to-earnings ratio of just 13.3 times and can collect a [dividend](#) that yields roughly 8.2% while you wait, making an investment in Gamehost that much more attractive.

Gambling is and always has been a highly profitable industry in which to invest, so you won't want to wait long before gaining some exposure or you'll risk missing out on this attractive valuation and highly rewarding dividend yield.

Bottom line

Sometimes a stock at a 52-week low can be trouble, as you don't want to catch a falling knife. Other times it can present a great buying opportunity. With both of these quality long-term stocks, the opportunity is too big to be ignored.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:GH (Gamehost)

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