3 Unreasonably Battered Stocks That Are Dirt Cheap Right Now

Description

A market crash is a double-edged sword for most investors. One edge digs into the portfolio, cutting it deeply, and the other edge is poised to better the portfolio by investing in amazing but battered stocks. This market crash is no different, even though the circumstances that caused it are rather extraordinary.

If your current portfolio has suffered, or even if it is suffering from the economic halt instigated by the pandemic, the first thing you should do is hold on to it. You *may* lose a significant portion of investments if the companies you have invested in go under. But you *will* lose a significant chunk of your nest egg if you sell now.

Then pick up some amazing stocks when they are trading at dirt-cheap prices.

A bank not from the Big Five

National Bank of Canada was one of the best-growing bank stocks in the past five years. Its market value rose by 53% before the crash, and it also increased its payouts by 31% in the same period. It's a Dividend Aristocrat and has a nine-year history of consecutive dividend increases. It's the largest bank outside the Big Five circle. Currently, the stock is trading at $52.4 per share.

That's a 30% discount from what it was trading at before it crashed along with the broad market. It's also offering a juicy yield of 5.43%, mostly due to its low valuation. It's an amazing opportunity to invest in a decent growth stock. It can augment your portfolio from a dividend-dependent income perspective as well as add to its growth potential.

A REIT

The real estate sector has also seen some of the worst of what the market crash had to offer. Fallen in the rut, along with the rest of the sector, is **Morguard North American REIT** (TSX:MRG.UN), a $529 million (market cap) company from Mississauga. Currently, the company has $3.2 billion worth of assets under management. The portfolio is comprised of 42 multi-suite residential properties, 16 of which are in the country and 26 are in the U.S.

Overall, the company has 12,141 suites under management. This heavy dependency on the residential real estate is probably one of the reasons for the hard, 35% fall, from which the company hasn't properly recovered yet. At the time of writing this, it's trading at $13.57 per share. It's yield right now is 5%, but a better reason to buy this stock is its growth potential. Before the crash, the company grew its market value by 100% in five years.

A food group

Eating out in restaurants and fast-food joints seem like a thing of the past, even though it hasn't been that long since the lockdown started. But the effect is quite visible in the stocks of companies engaged in that business. Take **MTY Food Group**, for instance. Its stock started falling in early March, and while it has now stabilized, it's 60.5% down from its start of the year value.

The company hasn't slashed its dividends yet, which befits its recently attained title as an Aristocrat. It has increased its payouts by about 60% in the past five years. The share price increase of 82% during the same time indicates a decent growth potential. And it's now for the taking at two-fifths of its pre-crash price.

Foolish takeaway

A lot of companies are trading far below their fair value right now. But that doesn't negate the growth potential, dividend history, and core strengths of the companies. It's an amazing chance to strengthen your portfolio and get the best out of your money by picking up amazing stocks at dirt-cheap prices.

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TICKERS GLOBAL

1. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)

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