



## 2 Canadian Stocks Near 52-Week Lows

### Description

For investors seeking [value](#) in an “expensive” stock market, it may well be worth looking for the Canadian stocks that are hovering near their 52-week lows. It is important to remember, however, that underperforming stocks that have sagged are not necessarily undervalued. In fact, many such names on the 52-week low list may actually be cheap for very good reasons. The companies that aren’t in a spot to turn things around any time soon may actually be overvalued despite their seemingly “cheap” valuation multiples.

Value traps exist. And to avoid falling into one, a careful analysis of the fundamentals should be performed. If a Canadian stock has considerable negative momentum, one must determine the reasons behind the drop. Firms can carry their fair share of baggage, and one must determine whether or not such baggage is baked in. In some cases, negative momentum and excess pessimism can snowball, allowing investors a shot to bag a [bargain](#).

Without further ado, consider **Badger Infrastructure Solutions** ([TSX:BDGI](#)) and **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), two 52-week-low Canadian stocks worth nibbling.

### Badger Infrastructure Solutions: Fresh off 52-week lows

Badger Infrastructure Solutions is a wonderful business with a unique business model in a pretty favourable forward-looking environment that could see robust infrastructure spending across North America. Still, the stock has been sagging of late as margins have waned. The company, which provides mobile soil excavation services to a wide range of clientele, many of which are in the oil and gas field, recently came up short in its second-quarter earnings results, which fell well below expectations. EBITDA margins came in at a mere 10.6%, a far cry from the 17.1% that most analysts were seeking.

Undoubtedly, the COVID-19 crisis has worked its way into the results. That said, I think Badger is more than capable of bouncing back over the next 18 months. For now, the stock is dragging its feet. With shares trading at just 2.3 times sales and 4.3 times book value, though, I’d be inclined to dollar-cost average (DCA) into a position today. The stock is down 7.4% over this past week and a dreadful 25%

from 52-week highs.

There are no easy answers to Badger's margin issues. And the colossal earnings flop, while disappointing, may very well be a one-off. In any case, at today's modest valuations, I do think there is a decent margin of safety.

## Barrick Gold: Outshone and overlooked

Top-tier gold miner Barrick Gold got crushed when gold lost its step earlier this year. As expected, the miners took a hit to the chin due to the pullback in gold prices. With inflation and equity valuations running hot, you'd think that gold would have been well north of the US\$2,000 mark by now, but that wasn't the case. Indeed, gold plunged below US\$1,800, thanks in part to the continued rise of cryptocurrencies like Bitcoin, which some young investors view as "millennial gold" despite the speculative asset showing a positive correlation in some past market pullbacks.

As Bitcoin loses its lustre, gold could regain its shine. Barrick Gold is one of the better precious miners out there, and although near-term pressures may persist, the Canadian stock's 1.8% dividend yield is worth collecting while you wait for gold's next leg higher, perhaps once the appetite for risk nosedives.

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2. TSX:ABX (Barrick Mining)
3. TSX:BDGI (Badger Infrastructure Solutions Ltd.)

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