



## Revealed: 5 Incredibly Cheap Stocks Trading Under \$10

### Description

As the market continues to flirt with new all-time highs, investors have reacted in one of two very predictable ways.

The first group is thrilled. They're richer than ever and couldn't be more excited about it. These folks are bullish on the market, pointing at things like the robust U.S. economy as evidence.

Then there's the second group, which tends to consist of value investors. These people are selling their winners and retreating to cash, convinced a market correction will soon be upon us. They're waiting for the opportunity to buy their favourite stocks at a 20%, 30%, or even 50% discount.

I'm not sure this is the right strategy. Look, I'm the first to admit that the markets are expensive. But that doesn't mean they're poised for a massive fall. Besides, there are plenty of cheap stocks out there. You just have to know where to look.

Here are five of Canada's best value stocks, all trading under \$10 per share.

### Yellow Media

**Yellow Media Ltd.** ([TSX:Y](#)) has reinvented itself as the Yellow Pages declined. These days, the new media business — which includes some of Canada's top websites and small-business marketing services — generates approximately 70% of revenue. The old media business is nothing but a sideline.

Investors are nervous that the company's new business isn't as lucrative as the old one. Thus, when quarterly earnings came in under expectations in February, shares plummeted. When the dust cleared, they had fallen more than 50%. Yellow Media shares are currently \$8.03.

This has created an incredible buying opportunity. Yellow Media shares trade hands at just 6.1 times trailing adjusted earnings and 2.4 times trailing free cash flow. You won't find many stocks cheaper than that.

## Rogers Sugar

There's nothing better than investing in a sector that's necessary with very little competition. **Rogers Sugar Inc.** ([TSX:RSI](#)) checks off both boxes.

Rogers really only has one competitor, which is privately held Redpath Sugar. Tariffs prohibit the import of sugar from certain markets, protecting the company against foreign competition. Meanwhile, Rogers is free to export to markets not impacted by the embargo.

Thanks to low natural gas prices — which is a key input cost — Rogers shares trade at a very reasonable price-to-earnings ratio of less than 11. You won't find many food companies that trade at a cheaper valuation. Oh, and the company also pays an attractive 5.8% yield.

## TransAlta

I like to value **TransAlta Corporation** ([TSX:TA](#))([NYSE:TAC](#)) using a simple formula.

Shares currently trade hands at \$7.60 each, giving the company a market cap of \$2.19 billion. It owns 64% of **TransAlta Renewables**, a subsidiary it spun off in 2013. Renewables has a market cap of \$3.5 billion today, putting the value of TransAlta's ownership stake at \$2.24 billion.

Investors are getting all of TransAlta's legacy assets for free. I'm the first to admit there are some issues with those assets, but they're certainly worth more than zero.

## Resolute

There's a reason why two of **Resolute Forest Products Inc.** ([TSX:RFP](#))([NYSE:RFP](#)) top shareholders are famed value investors Prem Watsa and Francis Chou. The stock is one of the cheapest on the TSX.

Shares currently trade hands at \$7.18 each, while having a book value of \$33.43 per share. That puts shares at just 21% of their book value. In addition, analysts project the stock will earn a healthy profit in 2017. Shares trade hands at just 10.6 times forward earnings.

## Just Energy

**Just Energy Group Inc.** ([TSX:JE](#))([NYSE:JE](#)) is a free cash flow machine that continues to trade at a cheap multiple, partially because the company has cut its dividend twice in the past five years.

Shares currently trade hands at \$8.42 each. Meanwhile, the company generated \$0.93 per share in free cash flow in 2016. That gives it a price-to-free cash flow multiple of just 9.1. You won't find many stocks cheaper than that.

Just Energy is a decent growth stock as well. It has increased revenue by about 11% a year since 2013. The company plans further growth into new markets like Germany, Mexico, and Japan.

## The bottom line

As you can see, there are still cheap stocks out there. You might have to look a little harder than

before, but they can be found. What are you waiting for?

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

## TICKERS GLOBAL

1. NYSE:RFP (Resolute Forest Products)
2. NYSE:TAC (TransAlta Corporation)
3. TSX:RSI (Rogers Sugar Inc.)
4. TSX:TA (TransAlta Corporation)
5. TSX:Y (Yellow Pages Limited)

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