5 Great Value Stocks I'd Buy Today

Description

Stocks with good fundamentals have better odds of standing the test of time, as opposed to fast-growing stocks that could be set to crash. I like to invest in stocks that are growing sales and have high margins — both gross and net. After all, sales are meaningless if a company cannot turn a profit. Unfortunately, many stocks live off hype these days, and investors turn a blind eye to profits, but that can be a ticking time bomb.

Below, I have a list of five stocks that have strong fundamentals and that would be great additions to any portfolio.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) has shown strong and stable growth over the years. In its most recent quarter, the company showed growth in its top line of over 7%, and sales could continue to rise as the economy does well.

Not only has CN Rail done a good job of growing its sales, but profits over the past four quarters have averaged an incredible 30% of revenue. A big reason for the strength in its bottom line has been that the railway operator averages margins of 67%, which leaves a lot left over to cover overhead and other operating expenses.

Over the long term, CN Rail offers a stable investment that will see strong returns as the economy continues to grow.

Constellation Software Inc. (TSX:CSU) is on this list for its strong bottom line, which has more than doubled in just three years. The company's sales have also increased 75% during that time, and in its most recent quarter revenues were up 17%.

Because Constellation is a service-oriented business, it is able to achieve high gross margins and not have a great deal of items make up the company's cost of sales. In the past four quarters, the company has averaged a profit margin of 9%

Open Text Corp. (TSX:OTEX)(NASDAQ:OTEX) recently posted a strong quarter where it saw sales grow 30%. The company has a strong base of recurring revenue, which makes it easy for Open Text to build on its existing sales. Gross margins for the company are also very strong at 67% over the trailing 12 months, while profit margins have averaged a stable 6%.

Morguard Corp. (TSX:MRC) has seen tremendous growth over the past three years with sales nearly doubling during that time. Its gross margins are a bit lower than the others on the list with an average of 63%, but less overhead has allowed the company to bank a profit margin of over 23% over the last four years.

Great Canadian Gaming Corp. (TSX:GC) has seen its stock soar 30% since the summer when it was announced that it won a bid to operate three casinos in Ontario through a partnership with **Brookfield Business Partners LP**.

The company has seen sales grow nearly 40% over the past three years, and with more casinos in its portfolio, Great Canadian Gaming could see that growth accelerate.

With gross margins of 63% and profit margins averaging more than 15%, a lot of the company's growth will flow through to the bottom line and help increase the stock's value, making it a great long-term investment.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:OTEX (Open Text Corporation)

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Date
2025/07/27
Date Created
2017/11/13
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