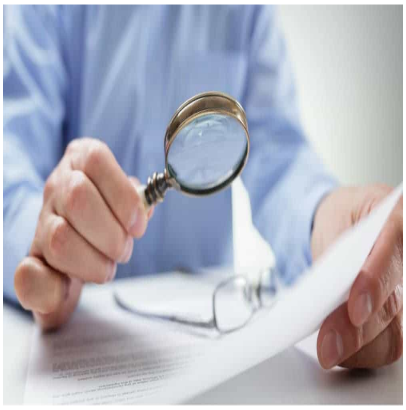

3 Cheap Stocks Trading Below Their Book Values

Description

The TSX hasn’t been good this year, and even calling it mediocre would be a stretch. However, one of the welcome side effects of a weak market is that there can be bargains to be had out there for investors that are able to stomach all the bearish activity.

Stocks that are trading near or below their stated book values could present great buying opportunities and provide significant returns for investors that are willing to wait for a recovery. As long as there is nothing fundamentally wrong with the business or its long-term potential, generally a stock should be trading at least around its book value.

Below are three stocks that aren’t quite at that level yet and that you may want to consider adding to your portfolio today.

Cenovus Energy (TSX:CVE)(NYSE:CVE) just can’t seem to get much momentum going. Last year, the stock hit an all-time low as a lot of drama and questions about the company’s management led to a big sell-off. And although the stock has recovered since then, in the past 12 months it is up only 3%.

Even as oil prices have been climbing, Cenovus has not been able to build on that momentum, as many difficulties in the oil and gas industry in Canada have kept buyers away. Until we see more friendly conditions in the industry, it’ll be hard for the stock to attract much bullishness. With a price-to-book ratio of around 0.8, investors will certainly be getting good value for their money, but it may take some time before the stock is able to rally.

Home Capital Group (TSX:HCG) is another company that’s still recovering from a problematic 2017. In Home Capital’s case, it was the company’s own scandal that was responsible for the free fall, which also led to liquidity problems. In the past year, Home Capital’s stock has climbed more than 10%, but it still trades at less than 10 times its earnings and around 0.7 times its book value.

The lending company is finding its way back to stability, but when it comes to companies that have had their images rocked by scandal, it can be difficult to win back investors.

Corus Entertainment (TSX:CJR.B) has had a devastating 2018, as year to date the stock has plummeted 65%. It all started with a weak quarter out of the gate that sent investors panicking. The stock has failed to show much momentum since then, although there are signs that the bleeding may have finally stopped; in the past month the stock has been able to finally stabilize at around $4 per share.

Currently trading at a multiple of 0.6 times its book value, Corus is a bargain buy for investors willing to wait this downtrend out. While its most recent quarter was a big disappointment, Corus has previously been able to do a good job of staying out of the red, and if it can return to that consistency, then it might finally be able to pull out of this tailspin.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:HCG (Home Capital Group)

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