

## 2 Value Stocks Investors Should Consider for 2019

### Description

The stock market undergoes various phases in its life cycle.

Recent history has certainly favoured momentum [growth stocks](#), while value stocks have not fared as well.

But with [interest rates rising](#), inflation creeping up, and the possibility of a sharp turn in investor sentiment increasing by the minute, investors should consider value stocks again, as the downside risk is lower.

Here are two value stocks that I would consider at this time for their value plays and for their favourable industry and company-specific fundamentals.

#### **Industrial Alliance Insurance and Financial Services Inc. ([TSX:IAG](#))**

With a 3.29% dividend yield and a valuation that is in the lower end of its historical averages, Industrial Alliance stands to benefit from its three recent U.S. acquisitions that were made in 2018.

The stock is down 17% since the beginning of this year, as the company issued 2.5 million shares (2% of common shares outstanding) at \$54.10 per shares. The stock currently trades just over \$50.

With a cash flow profile that continues to be strong and upside from the company's wealth division and from recent acquisitions acting as catalysts moving forward, Industrial Alliance has much to gain in the coming year.

And this despite the announcement that the company's interest rate sensitivity will be eliminated by 2020, as management has made this their goal in order to smooth out results over the interest rate cycles.

Earnings per share was \$4.88 in 2017, and is expected to be 13% higher in 2018, among the highest of its peer group.

Testament to management's optimism about the business is the dividend increase numerous times in the last few years; it has grown at a five-year compound annual growth rate of over 11%.

The latest increase was a 9% increase in the last quarter.

#### **OceanaGold Corp. ([TSX:OGC](#))**

Another value stock that I think is worth a look is OceanaGold Inc., which is trading relatively flat compared to one year ago.

It is for the investor who is willing to take on more risk for a higher return potential, because if gold

prices begin to strengthen again, this stock has big leverage to it.

I mean, the company has a very attractive free cash flow profile even at these depressed gold prices, so the upside is big.

OceanaGold has been delivering stellar results on the production side of things as well as on the cost side.

It has lowered its risk profile as it has ramped up production at its new Haile mine in South Carolina, U.S., thereby reducing its exposure to production out of the high-risk Philippines jurisdiction.

The Didipio mine in the Philippines once represented 42% of the company's total production, but at 18%, it now represents a significantly lower portion.

So, attractively valued OceanaGold Corp. is a good option for exposure to gold.

In summary, these two value stocks have good cash flows and valuations to support them and good future prospects to drive them higher in 2019.

## **CATEGORY**

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

## **TICKERS GLOBAL**

1. TSX:IAG (iA Financial Corporation Inc.)
2. TSX:OGC (OceanaGold Corporation)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
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