3 Value Stocks I'd Buy Today

Description

Value investing may not be the most exciting way to pick stocks, but it's often the safest. By sticking to low multiples to earnings and book value, you can limit the downside risk that the stock has. While it's not a guarantee that a stock won't drop in price, it gives you better odds against a big correction happening. And if a value stock does drop in price as a result of market-related factors, then it could simply become an even better buy.

A couple of common metrics that can help you focus on value is price-to-earnings (P/E) and price-to-book (P/B) multiples. A P/E of under 20 and a P/B ratio of less than two are a couple of benchmarks that you can use to help ensure you aren't paying a big premium for a stock. You can certainly be more aggressive, but then you limit the potential stocks that will fit your criteria.

Below are three good value stocks that fit the above criteria that I'd consider buying today.

Home Capital Group (TSX:HCG) is trading at a P/E of nine and is well below book value at a P/B ratio of around 0.60. The stock's troubled past is undoubtedly keeping it down. Home Capital has been able to string together some strong results lately that should have gotten investors excited about the stock again, especially in a rising interest rate environment.

Year to date, the stock is down 23% and more than 10% in just the past three months. There's no good reason for the share price to still be down, and that makes it a very appealing buy, especially with the company expected to release its latest earnings results this week. A good quarter could help give the stock a boost and finally get it out of this tailspin.

Rogers Sugar (TSX:RSI) is another good value pick that could look great in your portfolio. The company's sugar packets are popular across the country, and although health enthusiasts may not love the products, there's no denying the popularity and demand for sugar.

So far in 2018, the stock has dropped 14% in value, but it has shown some stability lately. The decline in value has only made it a better value buy, as Rogers now trades at a P/E of around 15 and a P/B of less than 1.7. In addition, you're also getting a great dividend as Rogers currently pays a yield of over 6.6%, which is a terrific payout for investors looking for a recurring source of cash flow.

Laurentian Bank (TSX:LB) may not be one of the big banks, but it too can benefit from rising interest rates. Although the stock is down more than 25% year to date, that has pushed its already impressive dividend up to around 6% per year.

With the stock trading near its 52-week low, investors could position themselves for strong returns down the road, as the stock currently trades at a P/E of less than eight and a P/B ratio of just 0.8.

CATEGORY

1. Investing

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1. Editor's Choice

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2. TSX:LB (Laurentian Bank of Canada)
3. TSX:RSI (Rogers Sugar Inc.)

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djagielski