3 Contrarian Value Stocks to Last You Through the Cold Winter Months

Description

Winter is upon us. For some, that means little more than cold weather, shoveling, and holiday hangovers. But for investors, winter can be a great harvest, as December and January are some of the best months for average historical stock market returns.

At the same time, 'tis *not* the season to be sitting in front of a computer actively trading. The holidays are a time to relax with family and friends or tend to snow-related chores outdoors. So, when investing in the winter months, it's best to invest for the long haul. With that in mind, here are three of my favourite winter picks that should be solid long-term gainers.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

Canadian Pacific Railway is a railway operator with tracks spanning from Montreal to Vancouver and down into the Midwestern United States. The company earns revenue mainly from shipping fees and is in a fortuitous position here, because trains are a much more economical way to ship freight than cars or trucks.

Like other railway stocks, Canadian Pacific has excellent financial numbers. In its most recent quarter, it grew revenue by 19% and earnings by 22% year over year. It also had a 37% return on equity and a 34% profit margin — so it's a highly profitable enterprise. Canadian Pacific pays a dividend, although the yield is not super high at just 0.95%. The company also had a pretty low P/E ratio of 15 at the time of this writing.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is a TSX buy-and-hold classic. It's a utilities company, which means you can count on it for stability in down markets — something a lot of people are looking for in these turbulent times. It's also a great dividend stock in any market.

Fortis had a dividend yield of 3.91% at the time of this writing, which is pretty good in itself. But the real magic of this stock is where that dividend might go in the future. With an uninterrupted +40-year streak of dividend increases, Fortis shares bought today will probably have a much higher yield 10 years from now. This stock has a trailing P/E ratio of about 20 and a price-to-book ratio of just 1.38, so it's pretty solid by value metrics.

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM)

Last but not least, we have Brookfield Asset Management.

This company specializes in buying distressed assets and turning them around to the point where they generate steady value. It has significant holdings in renewable energy (hydroelectric), real estate, and infrastructure. The company has a trailing P/E ratio of about 20 and, based on **Thomson Reuters's** earnings estimates, a PEG ratio of 1.08. That latter figure puts the stock squarely in the "value" category, although the price-to-book ratio of 2.34 is a little higher than some value investors might like.

Brookfield shares also pay a dividend that yields about 1.4% at the time of this writing — not super high, but not the lowest out there by any means.

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