Get Rich the Warren Buffett Way: Here are 3 Top Value Stocks for 2019

Description

Hi, Fools. I'm back to call attention to three attractive low-P/E stocks. Why? Because some of the easiest gains in the market are made by buying good companies: when they're being abandoned by other investors; when they're selling below intrinsic value; and when the risk/reward trade-off is highly attractive.

As the great Warren Buffett once quipped, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

In today's article, I'll look at three low-P/E plays that look especially solid for 2019.

Husky value

Kicking off our list is **Husky Energy** (TSX:HSE), whose shares sport a trailing 12-month (TTM) of 7.5. The energy company is down 30% over just the past three months versus a loss of 28% for the **S&P/TSX Capped Energy Index**.

Husky is doing what it can to deal with lower oil prices, as well as Alberta's mandatory curbs on output. Last month, management cut its 2019 capex program by $300 million, or about 8%. Husky now expects 2019 capex of $3.4 billion, lower than its prior view of $3.7 billion.

"The company retains further flexibility to reduce capital spending, including the ability to pace development of growth projects that are currently in flight," Husky said.

If you believe in a 2019 turnaround in oil prices, Husky's low P/E and 2.8% yield make it a solid way to wager.

Magna cum laude

Next up, we have **Magna International** (TSX:MG)(NYSE:MGA), which has a TTM P/E of 6.8. Shares of the auto parts supplier are down 17% over the past year versus a loss of 6% for the **S&P/TSX Capped Industrials Index**

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Magna is also a solid bet to turnaround. In the most recent quarter, adjusted EPS climbed 12% as revenue increased 9% to $9.6 billion. And while the company did lower its full-year outlook, management says that volumes in the industry remain strong.

"They are healthy volume levels," said CFO Vince Galifi. "Sure it's come off a bit, but some of them are at really good levels. The macroeconomic environment in the United States is still very favourable."

With a decent dividend yield of 2.9% to go along with the paltry P/E, now's a good time to bet on that bullishness.

Imperial opportunity

Rounding out our list is **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), whose shares sport a TTM P/E of 8.8. The banking gorilla is down 15% over just the past three months versus a loss of 14% for the **S&P/TSX Capped Financial Index**.

CIBC didn't exactly end 2018 on a strong note. In Q4, EPS of $3.00 missed estimates by $0.04, while revenue came in $140 million below expectations.

On the bright side, CIBC's capital ratios are still strong — tier 1 ratio of 12.9% and total capital ratio of 14.9% — suggesting that its capital strength and competitive position remain solid.

"Looking forward, we are well positioned to continue to build a client-focused bank that delivers superior shareholder returns," said President and CEO Victor Dodig.

With a scrumptious dividend yield of 5.2% — a five-year high for the stock — CIBC might be too tempting to pass up.

The bottom line

There you have it, Fools: three attractive value stocks for 2019.

As always, they aren't formal recommendations; they're simply ideas worth further research. It's very easy to get caught by low-P/E "value traps," so plenty of due diligence is still required.

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Date
2025/08/26
Date Created
2019/01/04
Author
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