Bargain Alert: 3 Fresh Value Stocks to Buy Now

Description

Hi, Fools. I'm back again to highlight three top stocks with low P/E ratios. As a quick reminder, I do this because the world's best investors succeed by buying quality companies

- when they're trading below intrinsic value; or
- when the risks are already baked well into the price.

The P/E ratio has its flaws, of course. All metrics do. Nevertheless, it remains one of the most straightforward and useful ways that investors have to measure value (the lower, the better).

Without further ado, let's get to our list of low-P/E stocks.

Rock-solid pick

Leading off our list is **Granite REIT** (TSX:GRT.UN), whose shares sport a paltry P/E of 4.6.

For those unfamiliar with Granite, it develops and manages industrial, warehouse, and logistical properties in North America and Europe. To be sure, Granite leases primarily to auto parts giant **Magna**, which adds plenty concentration risk to the business model.

That said, Granite continues to actively reduce its dependence on Magna, improving its credit rating and debt costs in the process.

"The Granite team continues to successfully execute on our corporate objectives for 2018, including the reduction in Magna concentration and conversely the growth in modern distribution and e-commerce markets and assets," said President and CEO Kevan Gorrie last quarter.

Along with a low P/E, Granite shares offer an attractive dividend yield of 4.4%.

Home cheap home

With a P/E of 10, residential lender **Home Capital Group** (TSX:HCG) is next up on our list.

The stock plunged in December after Warren Buffett's **Berkshire Hathaway** said it would "substantially exit" its investment in Home Capital. While the stock has recovered nicely since then, it remains off about 12% from its 52-week highs. Analysts cite negative housing data, tighter regulatory rules, and recent share price momentum as reasons to head back to the sidelines.

That said, Home Capital's year-over-year fundamentals are much improved, suggesting that the stock has plenty of room to run.

"We are delighted to see Home Capital back on its feet with healthy liquidity and a solid capital position," Buffett said in a press release.

Home Capital shares are up 10% so far in 2019.

Buried treasure

Rounding out our list of bargains is gold miner **OceanaGold** (TSX:OGC), which sports a P/E of 11.

OceanaGold's valuation is particularly attractive, considering that both its stock and business have performed well of late. The shares are up 25% over the past year versus a gain of just 2.5% for the S&P/TSX Capped Materials Index. Operationally, the company posted 2018 full-year revenue of $773 million, $121 million in free cash flow, and increased its cash balance to $108 million.

"We are well positioned to invest in our future to expand our operations and/or extend their mine lives, all with an objective to create long-term value for both shareholders and communities in which we operate," said President and CEO Mick Wilkes.

Given OceanaGold's strengthening fundamentals and negative beta, the risk/reward trade-off looks attractive.

The bottom line

There you have it, Fools: three top low-P/E stocks worth checking out.

They aren't formal recommendations, of course. View them instead as a jumping-off point for further research. It's easy to fall into "value traps" when you're out hunting for bargains, so extra caution is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:GRT.UN (Granite Real Estate Investment Trust)

2. TSX:HCG (Home Capital Group)
3. TSX:OGC (OceanaGold Corporation)

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