Tax-Free Bargains: 3 Top Value Stocks to Boost Your TFSA

Description

Hi there, Fools. I'm back to highlight three attractive stocks with low P/E ratios.

Why? Because the world's greatest investors make a habit of buying companies when they're trading at significant discount to intrinsic value, and when the risk/reward trade-off tilts in their favour.

The P/E ratio isn't perfect. No metric is. But a basket of high-quality low-P/E stocks still has a great chance to build wealth over the long run — particularly in a TFSA account where the profits are tax free.

Let's get to it.

Polaris express

Leading off our list is renewable energy company **Polaris Infrastructure** (TSX:PIF), which sports a P/E ratio of 11.

The company engages primarily in projects in Latin America, giving it plenty of long-term upside to boot. In 2018, Polaris posted record-level annual power generation and revenue, operating income growth of 15%, and cash inflows of $37.4 million.

More important, management has maintained its ability to grow its already-healthy dividend based on cash flow.

"We are very pleased with the financial results for 2018 which justify the investments made to optimize the San Jacinto project," said CEO Marc Murnaghan. "[W]e anticipate that 2019 will see lower capital investment into this facility, which will allow for increased emphasis on other growth opportunities."

Polaris shares are up about 10% in 2019, and boast a dividend yield of 7%.

Cheap furnishings

With a P/E of 10.5, furniture retail giant **Leon's Furniture** (TSX:LNF) is our next bargain opportunity.

Despite recent weakness in consumer spending, Leon's continues to post respectable results. In 2018, for example, revenue grew 1.2% to a record $2.24 billion, adjusted income improved 8%, and adjusted EPS increased 6.5%.

Based on those results, management was even able to raise its quarterly dividend 17% to $0.14 per share.

"We continue to enjoy increased efficiencies in all aspects of our business through our application of best practices between the Company's divisions," said CEO Edward Leon. "As a management team, we are confident that our efforts will continue to translate into the generation of meaningful shareholder value."

Leon's shares are down about 19% over the past six months, and currently sport a yield of 3.7%.

Cheap assets

Rounding out our list is asset manager **CI Financial** (TSX:CIX), whose shares sport a P/E of only 8.0.

CI has been battling a decline in assets under management, increased regulatory rules, and the rise in robo-advisors, but its core fundamentals remain solid. In 2018, the company managed to post record EPS of $2.38 and record free cash flow of $656 million. CI also repurchased a whopping $657 million worth of shares during the year, while continuing to invest in its digital strategy.

"Our goal is to be the leading independent Canadian wealth management firm with broad, diverse and competitive business lines," said CEO Peter Anderson. "In 2018, we made a number of significant advances towards that objective."

CI shares are up 8% so far in 2019 and sport a dividend yield of about 4%.

The bottom line

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

Don't view them as formal recommendations, of course. Instead, view them as a jumping off point for more homework. It's fairly easy to fall into "value traps" every now and again, so plenty of your own due diligence is still required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CIX (CI Financial)

2. TSX:LNF (Leon's Furniture Limited)
3. TSX:PIF (Polaris Renewable Energy)

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1. Msn
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1. Investing

Date
2025/07/02
Date Created
2019/04/05
Author
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