



3 Value Stocks to Buy in July

Description

Value stocks are a great way to get rich and stay rich. From Warren Buffett to Seth Klarman, value investors have shown that their strategies can produce market-beating results for decades at a time.

In a bull market, value stocks can be hard to find. Over the past few years, many classic value stocks have actually become quite expensive.

If you want to find high-upside value stocks with low-risk profiles, you need to dig deep. We did the digging for you and found three value stocks with exciting futures.

Trust the story

On the surface, **Boardwalk REIT** ([TSX:BEI.UN](#)) doesn't seem that impressive. Over the last five years, shares have lost 25% of their value. The dividend is just 2.5%, significantly less than most of its peers. The stock's recent underperformance has forced the market to apply a dirt cheap valuation to the company. That's a mistake.

Boardwalk converted to its current REIT structure in 2004. Over the next 15 years, shareholders experienced annual returns of more than 10%, handily beating the market with less volatility. Sure, shares have underperformed in recent years, but over the long-term, this company has a proven track record of producing double-digit returns.

Over the last 15 years, it was possible to generate annual returns of 15% or more with Boardwalk stock. The trick is simple: use a buy-and-hold strategy, purchasing more shares during times of weakness. Now trading at a significant discount to its net asset value of \$62 per share, this is the exact time to double-down on this high quality stock.

Grab this discount

Africa Oil Corp (TSX:AOI) isn't a company many investors have heard of, but you likely know some of

its partners: **Exxon Mobil**, **Chevron**, and **CNOOC**.

Rather than operating its own projects, Africa Oil has taken the "[portfolio approach](#)" — owning minority interests in several opportunities across multiple geographies. For example, the company has a 35% interest in Africa Energy, a 25% interest in Impact Oil & Gas, and a 19% interest in Eco-Atlantic Oil & Gas.

The main investors for most of its projects are multi-billion dollar oil giants such as the ones listed above. As the largest investors in each project, these giants are also in charge of operations. That's a huge advantage given these companies are well-known as some of the most efficient capital allocators in the business.

The current value of Africa Oil's assets, some of which are publicly traded, is currently \$190 million. The company also has \$485 million in net cash, resulting in a net asset value of \$675 million. The current market cap is just \$575 million, representing a quick 17% in upside. The discount may not last for long, however.

Take a chance

Sometimes great value investments require a bit of risk. The potential payoff could make that extra risk an easy bet. That's the case with **SNC-Lavalin Group Inc** (TSX:SNC).

This stock is either worth significantly more or significantly less than the current trading price. From 1995 to 2018, shares increased in price by more than 2,000%. This company knows how to grow and deliver value to shareholders. But since the start of 2019, shares have fallen by 60%.

What happened?

Earlier this year, the company took a big one-time loss on a major project. It was also caught up in a [political scandal](#). Most likely, conditions will return to business as usual. On a normalized basis, shares look to have 50-100% upside.

There's uncertainty to the political situation, but more likely than not, a settlement will be reached, imposing a limited one-time cost.

For patient investors willing to wait out the controversy, SNC-Lavalin is the ideal turnaround pick.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ATRL (SNC-Lavalin Group)
2. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)

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Date

2025/09/30

Date Created

2019/07/13

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