2 Value Stocks Perfect for Long-Term Investors

Description

Value investing is one of the best long-term investing strategies and it's relatively easy to employ. All the strategy requires is high-quality research, disciplined decision making and the patience to wait for the company to reach its true potential.

Value investing is the strategy recommended by almost every successful investor, including the greatest investor of all time, Warren Buffett.

Today, as many more investors know the secret to finding quality long-term stocks, value investments are harder to find, and the margins of safety are much smaller. Nevertheless, you can still find high-quality investments. When you do, the opportunity is unmatched.

Two of the best value investments on the **TSX** today are **Gamehost Inc** ([TSX:GH](TSX:GH)) and **Chesswood Group Inc** ([TSX:CHW](TSX:CHW)).

Gamehost

Gamehost is a small casino and hospitality company that operates in Alberta that only has three casinos. The casinos are located in Fort McMurray, Calgary and Grande Prairie, where it also owns an adjacent hotel.

The small portfolio of casinos makes it easy for investors to analyze what's going on in the company and what the outlook may be like for the shares.

Unfortunately though, because the portfolio is so small and the company is only located in Alberta, it's highly exposed to the Albertan economy, which as many know has been largely impacted the last five years from a range of issues affecting the energy industry.

Still, with the level the stock is trading at today, there's the market is clearly missing some valuemissing and it's offering investors a major opportunity. Its shares trade at just a 13.4 times price toearnings ratio, and its dividend yields more than 8.1%.

Despite all the headwinds, the company has managed to keep its earnings before interest, taxes, depreciation and amortization (EBITDA) consistent around $30 million.

And with its enterprise value at just over $240 million, you can gain exposure today at an enterprise value to EBITDA ratio below nine times, reemphasizing the attractive valuation.

Chesswood

Chesswood Group is one of the best value stocks on the TSX today. The company has subsidiaries that each has its own loan book and provides financing to small and medium size businesses across North America.

Although this segment of the market is higher risk, it's also very lucrative, which has allowed Chesswood to become extremely profitable over the last five years. From 2014 till 2018, the last year for which we have full-year data, Chesswood averaged a more than 15% return on equity.

Its most recent acquisitions have put it in a position to grow its non-prime segment, helping improve its profitability considerably.

What's even more important than its growth has been the consistency in its margins, which is important to see out of lending companies to show they can keep their default rates low and consistent.

The shares trade at just 12 times earnings and just over 1.1 times book value. Plus, the company pays out a dividend that yields upwards of 8%, making an already attractive investment even more appealing.

Bottom line

As with any company that is trading undervalued, it's always for a reason. Gamehost has been sold off due to the struggling economy in Alberta, which has translated into negative revenue growth for the business.

Chesswood is facing pressure as the economy peaks, and investors believe it may suffer higher-than-normal losses in its loan portfolio over the short-term.

Despite these reasons, all of which are justified, the level of value that exists compared to the risk is not proportionate, which is why these are two of the best value stocks you can buy today when investing for the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHW (Chesswood Group)
2. TSX:GH (Gamehost)

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1. Business Insider
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