



Investors: 3 Cheap Value Stocks to Buy Today

Description

Friday was a fantastic day for the stock market. And in a rare bit of good news for beleaguered investors, beaten-up value stocks led the rally.

Just a few weeks ago, picking value stocks was a tricky exercise. Many of the cheapest names in the market were there for a reason. They had obvious warts and poor long-term outlooks. But things are much different today. There are dozens of quality value stocks here in Canada — great businesses that happen to be selling at discount prices.

You must act quickly, however. The market fell extraordinarily fast. There's always the risk it could snap back at a similar speed. The last thing you want to do is miss out on a [buying opportunity](#) because you were waiting for a better time to buy.

Let's take a closer look at three of Canada's most attractive value stocks.

CIBC

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) has long been Canada's cheapest large bank, as investors avoid the stock because of its focus on domestic assets and fears about the housing market.

I've long thought investors spent too much time focusing on those negatives while ignoring the positives CIBC offers. It might be the weakest member of the Canadian banking oligarchy, but that's still a pretty enviable position to be in. The bank's efforts to expand its wealth management business have proven successful. Various financial metrics — like return on equity and operational efficiency numbers — are solid. And the company's U.S. operations are expected to add to the bottom line going forward.

Plus, CIBC shares are incredibly cheap today. Over the last 12 months, the stock has delivered \$12.15 per share in earnings. As I type this, the stock is trading at just a hair above \$84 per share. That gives us a price-to-earnings ratio of under seven times. CIBC also trades right around book value; shares

traded hands at 1.5 times book value just a few months ago.

Oh, and CIBC offers a 6.9% dividend today — a payout that's about 50% of trailing earnings.

Chartwell

I'll be the first to admit the near term doesn't look good for retirement residence owner and operator **Chartwell** ([TSX:CSH.UN](#)). New supply in various markets was already hurting results, and there's always the chance the COVID-19 outbreak could impact the sector in a big way.

Once we look past the short term, however, we find a company with a pretty compelling [long-term growth story](#). There are more than nine million baby boomers in Canada. Many of them will eventually move into a retirement home. Chartwell's homes are largely clustered around Canada's six largest cities — a strategy this analyst thinks will pay off handsomely over time.

After years of trading at a high valuation — because investors consider the firm the best in the sector — Chartwell is fallen to value stock territory. Shares are trading at just 10 times trailing funds from operations. The stock now yields 6.2%, with the distribution recently raised for the sixth consecutive year.

Manulife Financial

The final dirt-cheap value stock I'll feature today is diversified financial services conglomerate **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)). Manulife isn't just a life insurer; it's also a bank, wealth manager, fund provider, and owner of significant chunks of real estate.

Manulife shares have gotten crushed for a few different reasons. The company's main growth avenue over recent years has been Asia; investors are concerned COVID-19 deaths from the region will hit the bottom line. A further meltdown in asset values around the world didn't help either, and neither will low interest rates. Remember, most of Manulife's assets are invested in conservative bonds after it got in trouble being too aggressive during the last financial crisis.

I just can't believe how quickly Manulife has fallen into deep value stock territory. Shares trade hands at just under \$18 each. Analysts, meanwhile, predict the company will earn \$3.12 per share. And that's after ratcheting down expectations, too. That's less than six times forward earnings. Shares also trade at a full 23% under book value.

The bottom line

Canada is filled with dirt-cheap value stocks today. CIBC, Chartwell, and Manulife are only the tip of the iceberg. The crash many investors have hoped for is finally here. Will you take advantage of this buying opportunity to fill your portfolio with bargains?

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:CSH.UN (Chartwell Retirement Residences)
5. TSX:MFC (Manulife Financial Corporation)

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