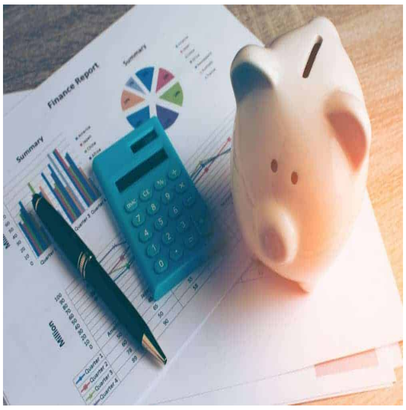

Investors: 3 Dirt-Cheap Value Stocks Trading Under $10

Description

Many investors are attracted to value stocks trading at low prices for a couple of important reasons.

Most importantly, these stocks generally have huge upside potential. A cheap stock trading for under $10 per share will usually have some warts, sure, but such cheap stocks will often have the potential to return 100%, 200%, or even more. Those are the kinds of capital gains that can have a huge impact on a portfolio.

Another reason why investors love cheap value stocks is, you can get a whole bunch of shares while making a relatively small investment. Say you have $10,000 to invest. You'd pick up 100 shares of a stock trading for $100 per share. But you'd pick up 2,000 shares of a stock trading for $5 per share. Even though both investments have the exact same value, the second one just feels more substantial.

Let's take a closer look at some of Canada's best value stocks — three companies trading under $10 per share with huge upside potential.

Chartwell Retirement

It was just a few months ago that **Chartwell Retirement Residences** (TSX:CSH.UN) was trading at more than $15 per share. Then COVID-19 hit, and investors speculated the virus might be especially devastating to seniors living in retirement homes. Shares fell sharply as a result. The stock has recovered a bit, but this value stock is still languishing below $10 per share, albeit only barely.

The short term might look a little bleak for Canada's largest retirement home operator, but the long-term trend still looks terrific. There are still around nine million baby boomers in Canada. Most of these folks will end up in some sort of retirement home. But unless we expand capacity significantly, there won't be enough room to house them all.

Despite this bullish long-term outlook, Chartwell trades at a dirt-cheap valuation. The company earned $0.92 per share in funds from operations in 2019, earnings that should remain fairly consistent in 2020. That puts the stock at around 11 times that number today, which is very attractively valued. The company's dividend is also succulent, checking in at 6.5% yield after yet another recent dividend increase.

Cominar REIT

Cominar REIT (TSX:CUF.UN) has seemingly struggled for years now, as the company dealt with a large debt load, dividend cuts (yes, multiple), and a struggling Quebec economy.

Most of these issues are in the rear-view mirror, however. Quebec was booming before COVID-19, and the company — which is the province's largest commercial landlord — reaped the benefits. The province looks poised to bounce back quickly, too. The distribution is now secure. And Cominar's debt-to-assets ratio, a key metric of its total indebtedness, is down significantly after it sold some non-core assets.

Cominar shares are cheap on a couple of different metrics. The stock trades at $9.20 per share as I write this. Book value, meanwhile, is closer to $18 per share. It earned $1.07 per share in funds from operations in 2019, putting the stock at less than nine times that number today. There's no denying it; Cominar is cheap.

And remember, investors are getting an 8.2% yield today as a consolation prize as they wait — a payout that is easily affordable.

Corus Entertainment

I simply can't believe how cheap **Corus Entertainment** (TSX:CJR.B) shares are today. In fact, I recently called the company Canada's cheapest stock due to its unbelievably low valuation.

Corus is one of Canada's largest media companies. Its assets include many top television channels, nearly 40 radio stations, and content production capabilities. The company is also expanding rapidly into digital media, as it moves its content from cable and satellite boxes to the internet and smart TVs.

This is where Corus gets really interesting. The company earned $310 million in free cash flow over its last fiscal year. The stock has a current market cap of under $600 million. That gives us a price-to-free cash flow ratio of under two times.

Corus is also dirt cheap compared to its book value, with shares trading at approximately one-third the net value of its assets.

The risk is Corus's earnings falling off a cliff. I don't doubt the company is struggling right now, as all its advertisers are nervous about the economy today. But things will bounce back, and there's plenty of stimulus money available to be spent. Advertisers will want to ensure they get a portion of that cash.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:CSH.UN (Chartwell Retirement Residences)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/01
Date Created
2020/04/10
Author
nelsonpsmith