



## It's a Once-in-a-Decade Opportunity to Buy These 3 Cheap Stocks

### Description

Investing doesn't have to be that difficult. All investors need to do is load up on cheap stocks when the market puts these companies on sale.

Unfortunately, people have a way of over-complicating this seemingly simple exercise. What exactly defines cheap, anyway? And perhaps there's a reason why many cheap stocks got that way. Other investors, meanwhile, are obsessed with timing the bottom, convinced an investment is a failure if upside isn't maximized.

If you're one of those people, I recommend a simple rule to determine if a stock is a good buy today. If shares are trading at levels far below a decade ago, it's probably time to load up. After all, most companies have grown since 2010, and today's problems only look to be temporary.

Let's take a closer look at three [top Canadian stocks](#) — companies that are currently cheaper than they were a decade ago.

### Imperial Oil

**Imperial Oil** ([TSX:IMO](#))(NYSE:IMO) is one of Canada's largest energy producers. Before COVID-19 sent the entire sector into a tailspin, Imperial produced approximately 400,000 barrels of oil per day from its heavy oil operations in northern Alberta. A relentless pursuit of efficiency ensured the company has a low cost of production, too. That'll come in handy in today's world.

Imperial shares currently trade hands at approximately \$18 each. A decade ago, the stock was trading for more than \$40 per share. It's obvious investors think today's energy bear market is going to linger for a long time.

I disagree. Today's sub-\$30 per barrel oil price ensures many of the marginal producers will go bankrupt. Imperial Oil still has a great balance sheet, so its future is pretty secure. OPEC production cuts should also help. And demand will eventually come roaring back.

Why I think Imperial is the best way to play this return to normal is, the company isn't just exposed to oil prices. Remember, it has significant downstream operations, owning refineries, chemical plants, and a fleet of gas stations. These assets offer predictable earnings, while oil production offers upside potential.

## Cineplex

In a market filled with cheap stocks, **Cineplex** ([TSX:CGX](#)) is one of the cheapest of all. Shares traded in the \$35 range for months until cratering in the last few weeks. Shares currently trade around \$13.50 each; a decade ago the stock was more than \$20 per share.

The company is currently slated to be taken over by Cineworld, the U.K. movie theatre giant, which offered \$34 per share a few months ago. That deal will be officially squashed in the next few weeks, but investors shouldn't get distracted by that. This is a great opportunity to [buy a fantastically discounted stock](#).

People will go to the movies again. It's only a matter of time. All Cineplex needs to do is survive the few months it takes to get the world back to normal again. Remember, this is a company that earned \$2.66 per share in adjusted free cash flow in 2019 and had more than 66 million trips to the theatre.

## RioCan REIT

Despite the company shoring up the balance sheet, solidifying its portfolio, and a huge boom in real estate prices across Canada, **RioCan REIT** ([TSX:REI.UN](#)) shares have gone down over the last decade. Shares currently trade hands at \$17.77 each; a decade ago, a share would've cost you a little over \$18.

This is an excellent company that is poised to deliver steady dividends for years to come. Yes, a tough retail environment will impact the business in the short term. But much of RioCan's rent comes from grocery stores and other resilient sources. And it has already reported collecting approximately 90% of rents owed for April. In 2019, the company earned \$1.87 per unit in funds from operations. I easily see earnings rebounding back to that level in 2021-22.

RioCan also has a robust development pipeline. It owns all sorts of property across Canada that is near major highways or public transit. These locations can be converted to mixed-use units at a much lower cost than other comparable developments.

## The bottom line on these cheap stocks

It truly is a once-in-a-decade buying opportunity for these cheap stocks. I doubt you'll regret loading up at such a bargain price.

### CATEGORY

1. Coronavirus
2. Dividend Stocks

3. Energy Stocks
4. Investing

#### **TICKERS GLOBAL**

1. NYSEMKT:IMO (Imperial Oil Limited)
2. TSX:CGX (Cineplex Inc.)
3. TSX:IMO (Imperial Oil Limited)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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