Market Crash Alert: 3 Top Value Buys

Description

Value investing has been made popular by investors such as Warren Buffett and Benjamin Graham. Undervalued stocks are those that are trading below their intrinsic value. The recent market crash has sent several stocks lower, giving investors an opportunity to buy companies at an attractive valuation.

The market is still down over 20%, and there are several stocks that are cheap and have tremendous upside potential on a market rebound. You can look at three such value investments to buy following the market crash.

Telus

The telecom industry is generally recession-proof, as people are unlikely to reduce spending on their mobile plans. This will ensure a steady stream of revenue and cash flow for telecom stocks such as **Telus** (TSX:T)(NYSE:TU).

As people are largely staying at home, the demand for internet services is expected to increase. Telus's fibre-to-the-home network is estimated to reach 80% of customers by the end of 2020. The telecom giant is upgrading its fibre network, which will help it offer higher speeds at competitive rates. The transition to 5G will be another key revenue driver in the upcoming years.

Telus shares are down 18% from 52-week highs, increasing its dividend yield to 5.1%. It has a market cap to sales ratio of 1.9 and an enterprise value to EBITDA ratio of 7.7, making it an attractive pick in these uncertain times. Telus has a history of stable dividend growth, making it an attractive buy for income investors as well.

Enbridge

Canada's energy stocks, such as **Enbridge** (TSX:ENB)(NYSE:ENB), have had to contend with falling oil prices, on top of the market crash. The double whammy of lower consumer demand due to COVID-19 and rock-bottom crude prices have driven Enbridge shares lower by 28% in the last two months.

This has increased its dividend yield to a tasty 7.9%.

However, due to its massive size, Enbridge is better poised than most to handle the downturn. It is one of the largest oil pipeline companies in North America. A significant portion of revenue comes from natural gas, transportation, storage, and distribution. Enbridge generates about 98% of cash flows from fee-based contracts, making it immune to commodity price fluctuations.

Enbridge has a strong balance sheet, which has helped it increase dividend payments at an annual rate of 9.6% in the last three years. It sold close to $8 billion in non-core assets in recent years and might advance $11 billion in secured capital projects, providing the energy giant with enough liquidity to support dividend payouts.

Emera

A utility stock that can be considered by Canadians is **Emera** (TSX:EMA). Similar to telecom, the utility sector is unlikely to experience a drastic fall in top-line growth this year. Emera owns and operates regulated electric and gas utilities in North America.

This top-utility company has made a conscious effort to improve profit margins in recent times and this has driven its earnings higher by 12.3% in the last five years. The stock is trading 7% below its 52-week high and has gained 34% in the last month.

Emera's forward yield stands at 4.3%. The company has increased dividends at an annual rate of 6% since 2000. It now aims to increase dividend payments at an annual rate of 4% to 5% between 2020 and 2022.

Foolish Bottom Line

Investors who allocate $10,000 in each of these stocks will generate around $1,730 in yearly dividend payments. Further, these dividend stocks provide investors with significant upside potential in terms of capital appreciation if the market continues to recover from the earlier market crash, making them dependable picks in a volatile market.

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