



## 2 Value Stocks to Buy Before August

### Description

It's time to buy value stocks. As markets head higher and conditions grow uncertain, smart investors are paying closer and closer attention to valuation. As Warren Buffett once quipped, "Price is what you pay. Value is what you get."

But it's [hard](#) to call most stocks a value these days. The economy is in the dumps, yet stocks are nearing all-time highs. According to investing legend Jeremy Grantham, "This is apparently one of the most impressive mismatches in history."

There are still stocks trading at bargain valuations. You just need to work to unearth them. The two picks below should top the buy list of any value investor.

### Buy low now

Baron Rothschild famously instructed investors to "Buy when there's blood in the streets." But it's important to know if the company you're buying is undervalued or simply a dying business.

Oil companies are a great example of this. Most energy producers have lost a significant amount of value over the past 12 years. Even **Exxon Mobil** trades at prices not seen since 2004! While oil stocks may seem like value stocks, this industry is rife with boom and bust cycles.

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), on the other hand, has almost always been a profitable buy. Sure, it serves the fossil fuel industry, but it's not very exposed to swings in commodity prices. That's because it's the largest owner of pipelines on the continent, allowing it to charge based on volumes, not oil pricing.

While its best days of growth are over, the company is now clearly a value stock trading at its lowest valuation in years. It seems like shares have been dragged down by weakness in the energy sector, even though Enbridge is largely insulated from the pain.

This is a great time to buy a proven winner at a multi-year low. The 8% [dividend](#) yield, which is fully

covered by free cash flow generation, should keep you happy even if growth drops into the single-digits.

## Remember this value stock

You likely have never heard of **CT Real Estate Investment Trust** ([TSX:CRT.UN](#)). That's why it's one of my favourite value stocks.

As its name suggests, CT Real Estate owns property and makes money through rental income. Its biggest customer by far is a business you've likely heard of: **Canadian Tire**.

The "CT" in CT Real Estate actually stands for Canadian Tire. CT Real Estate was created to manage its real estate operations. After all, there aren't many synergies between property and retail.

Both firms maintain a near-exclusive partnership to this day. Contracts often span a decade or more, with built-in pricing escalators to offset inflation. As long as Canadian Tire stays in business CT Real Estate will prosper.

Due to the COVID-19 crash, shares now trade in value stock territory. The dividend offers a sustainable 5.8% yield. The stock also trades at a 12% free cash flow yield. This is a great pick for value investors looking for an under-the-radar pick.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CRT.UN (CT Real Estate Investment Trust)
3. TSX:ENB (Enbridge Inc.)

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