Top Stocks at 34% to 37% Discounts: Where to Invest $1,000 Today

Description

Top stocks are household names with robust business models in resilient industries. However, the ongoing crisis has knocked several top stocks off their pedestal. In fact, some of them are trading for less than the value of their property and cash on hand. These deeply discounted stocks are worth your attention if you're looking to bet for the long term.

Here are my top stock picks for 2020 and beyond.

Brookfield Properties

There are two things I love about **Brookfield Property Partners** (TSX:BPY.UN)(NYSE:BPY) – their properties are iconic and spread across the world. This makes a massive difference in the real estate sector. Brookfield's cash flows and opportunities are not limited to a single country or region. That means they can offset rental losses and look for opportunities wherever they emerge in this crisis-riddled year.

For the moment, their office and mall assets are vulnerable. But the stock market seems to have already baked this into the stock price. Brookfield is trading at a 37% discount to tangible book value. Which means its property portfolio could lose 10% to 20% and it would *still be undervalued.*

I also remain confident about Brookfield's ability to raise cheap capital to invest in distressed assets, while retrofitting malls and offices to become residential and warehouse units and turn things around. Brookfield is an excellent bounce-back stock, in my opinion.

Manulife Financial

Similar to real estate, the financial services and insurance sector is drifting through a rough patch, which is why insurance giant **Manulife Financial** (TSX:MFU)(NYSE:MU) is down 30% year to date. The stock now trades at a 25% discount to tangible book value.

However, Manulife is probably the most global financial company in Canada. In fact, the bulk of its revenue is generated in Asia, a region that has been more resilient during this crisis. As the economy recovers in Singapore, Taiwan and Shanghai, Manulife's earnings should improve rapidly.

The stock is currently trading for just nine times earnings per share and offers a juicy 6% dividend yield. The dividend payout ratio is just 54%, and the company has a whopping $61 billion in cash and cash equivalents on its books. In other words, Manulife will survive this crisis and bounce back strongly.

Suncor Energy

Probably Warren Buffett's favourite energy investment at the moment is Canadian oil giant **Suncor Energy** (TSX:SU)(NYSE:SU). I've discussed Suncor extensively this week. After taking a closer look, I'm convinced this is the ultimate contrarian stock of 2020.

Suncor has cut expenses this year. Meanwhile, the nature of its integrated infrastructure business model means it has already made heavy capital investments in the past that should deliver cash flows this year. The average lifespan of its oil reserves is over 11 years. Meanwhile, the company can cover all expenses (including the dividend) as long as the price of oil stays above $35. Oil is trading at $40 right now.

Investors seem to have overlooked these factors, however. The stock is trading 34% below book value per share. It's also offering an attractive 5.3% dividend yield. Value-oriented investors shouldn't dismiss this one.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BPY.UN (Brookfield Property Partners)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:SU (Suncor Energy Inc.)

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Date

2025/08/25
Date Created
2020/10/15
Author
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