
# Got $3,000? Adding These 3 Value Stocks Would Be a Good Idea

### Description

The Canadian equity markets have made a V-shaped recovery after bottoming out in March, driven by the governments' and central banks' stimulus packages. However, some companies continue to feel the heat of the pandemic and are trading at attractive valuations. So, investors with an appetite for risk can buy these three stocks, which can deliver superior returns in the long term.



## Pembina Pipeline

The weak demand and lower oil prices have weighed heavily on **Pembina Pipeline** (TSX:PPL)( NYSE:PBA), with its stock price falling close to 40% this year. The decline in crude activities amid weak demand, lower frac spreads, and compressed margins dragged the revenue from its marketing and new ventures segment down in the recently announced second quarter.

However, its base businesses — pipelines and facilities segments — remained resilient due to its long-term, fee-based contracts. Despite the weakness, both the segments reported a growth in their volumes and EBITDA during the quarter.

Meanwhile, the management is working on increasing the fee-based contracts' contribution to EBITDA from 85% in 2019 to above 90% this year, which could stabilize its earnings and cash flows. Pembina Pipeline pays monthly dividends. Currently, its dividend yield stands at a juicy 8.7%.

Amid the crisis, the company's management has suspended further dividend hikes for this year. However, its dividends are safe, given its resilient base businesses. Further, investors can also gain from an increase in its stock price, as Pembina Pipeline is trading at a deep discount.

## Canopy Growth

**Canopy Growth** (TSX:WEED)(NYSE:CGC), the largest cannabis company, has lost over 12% of its stock value this year. The slew of structural issues in the cannabis sector has dragged the company's stock down. However, the company's long-term growth prospects are intact.

The company is expanding its Cannabis 2.0 offerings, including cannabis-infused beverages, chocolates, and vapes, to increase its market share in Canada. It has also repositioned its value products with higher and more consistent THC ranges to meet its customers' needs. Further, it has launched several research initiatives to improve the quality of its products.

Canopy Growth has launched an e-commerce website in the United States to increase its digital presence. Further, in September, the company, in association with Martha Stewart, launched a line of hemp-derived CBD wellness supplements. It has also planned to introduce THC-infused beverages by summer 2021 in association with Acreage Holdings. So, given its impressive growth prospects and healthy balance sheet, I am bullish on Canopy Growth.

# CGI Group

When most tech companies have delivered strong returns this year, **CGI Group** (TSX:GIB.A)(NYSE:GIB) has lost over 15% of its stock value. Amid the pandemic-infused slowdown, the demand for its service in the manufacturing and retail and distribution sectors declined, lowering its financials and stock price. Its revenue and adjusted EBIT declined by 2.2% and 5.5% in its third quarter, respectively.



However, its book-to-bill ratio increased from 88.9% in the previous quarter to 93.1%, indicating an increased demand for its services. Apart from organic growth, the company also focuses on acquisitions. At the end of June quarter, the company's cash and cash equivalents stood at $1.37 billion. So, the company has adequate liquidity to fund its future acquisitions.

Further, CGI Group's performance in the last five years has been impressive. It has returned over 145% at a CAGR of 19.7%. So, given its strong track record, improving demand for its services, and its strong liquidity position, I believe CGI Group is an excellent buy at these levels.

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1. Investing

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3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:GIB.A (CGI)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:WEED (Canopy Growth)

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1. Investing

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