These Stocks Trade at a 40%-60% Discount to Their True Value

Description

There's never been a better time to buy cheap stocks. There's only one problem: they're getting tough to find.

When the COVID-19 pandemic began, markets quickly shed 40% of their value. Then, to the surprise of most, markets surged higher. Today, they're approaching new all-time highs.

This is a difficult spot for investors. Valuations are through the roof, yet the economy is in shambles. Finding under-priced investment opportunities involves a little luck and a lot of patience.

If you're looking for business that trade at *half* their true worth, the following two picks are your best bets.

Bet on cheap real estate

It's almost always a good time to bet on property. As the old saying goes, it's the only thing they're not making more of.

The only issue is that real estate stocks are in the dumps. Office properties are hurting from the work-from-home movement. Retail locations, meanwhile, were crushed by lockdowns and a shift toward e-commerce.

With all this in mind, it's not hard to understand why a stock like **Brookfield Property** (TSX:BPY.UN)(NYSE:BPY) trades at a 60% discount to its book value. Times are tough, but if you're willing to think long term, this could be a lucrative holding.

Brookfield isn't a random real estate stock. It owns some of the best properties in the world, including Canary Wharf in London and First Canadian Place in Toronto. These locations were hit by the pandemic, but a decade down the road, their values should still be much higher.

By purchasing Brookfield stock now, you're locking in a 60% discount, which means shares could triple once the world returns to normal.

How long will that take? At least a few years. This stock is clearly under-priced, but only patience investors will profit.

This stock is a monopoly

Who doesn't want to own a monopoly? With **Enbridge** (TSX:ENB)(NASDAQ:ENB) stock, you can seize on the opportunity at a 40% discount.

Enbridge is the largest pipeline operator in North America. This is a very lucrative business, flush with high cash flows. Owning a pipeline is like owning the only highway in town. If people want to drive, they need to go through you.

Picture an energy producer in Alberta. Its oil discovery may be in the middle of nowhere. To ship its output, it connects the field to the nearest pipeline. In many cases, that's an Enbridge pipeline.

Once connected, these company is married to Enbridge. That's what makes this such a lucrative stock. Enbridge essentially has complete power over its customers, so much that it sometimes forces them to sign decade-long contracts at fixed prices.

There's only one problem: the coronavirus pandemic sent the price of oil down by one-third. Oil companies are hurting right now, and the impact sent Enbridge stock 40% lower.

But as we just learned, Enbridge is insulated from the price plunge because it charges customers on volumes, not commodity prices. Its cash flows are relatively fixed.

If you ever wanted to own a monopoly stock at a discount, this is your shot.

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Date
2025/07/02
Date Created
2020/11/01
Author
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