3 Ridiculously Cheap Stocks

Description

The market cratered in the first quarter of 2020. Now that we are in the middle of the last quarter, most of the companies and the stock market, in general, have recovered quite a bit. The **S&P/TSX Composite Index** just has 5.5% down from its pre-crash highest valuation. Another market crash might change the timeline, but if it doesn't, the market might fully recover in the first couple of months of 2021.

default watermark

If you believe that the market has seen the worst economic repercussions of the pandemic is on its way to a full recovery, you may want to look into stocks that are still ridiculously cheap.

A real estate stock

Real estate stocks and REITs saw some of the worst drops in valuation and the slowest recovery. While it might not be good news for many, for you, it means that you can buy a decent REIT **Minto Apartment** (TSX:MI.UN) at a heavily discounted price. The share price is still about 30% down from its yearly highest valuation. And the stock is currently trading at a price-to-earnings of 4 times and a price-to-books of just 0.9.

This REIT is relatively new on the stock market. It has a market cap of around $709.9 million and an enterprise value of $1.19 billion. It also offers dividends, and the yield is currently very modest at 2.4%. The REIT owns and operates 29 multi-residential properties (7,243 suites) spread out across five cities. The occupancy rate is over 97%, which promises strong cash flow and the balance sheet of the company is strong as well.

A construction service company

North American Construction Group (TSX:NOA)(NYSE:NOA) is an Alberta-based heavy equipment and mining company that offers construction services, primarily at mining sites. The company experienced a pretty decent growth phase before the market crash in March, but the crash brought the share price down to 62% (at its lowest point). The price is still 21% lower than its start of the year value.

The price-to-earnings is 6.8 times, and the price-to-books is 1.3 times. It also offers dividends by the 1.5% yield might not be a desirable feature to most investors. But the company's capital growth potential is reason enough to consider adding this stock to your portfolio. Even with the current low valuation, the five-year CAGR is 36.5%. The balance sheet of the company is strong.

An insurance company

While a pandemic might not be a very good time to buy into an insurance company, it's also one of the few occasions when you can buy an insurance giant like **Manulife Financial** (TSX:MFC)(NYSE:MFC) at a dirt-cheap price. You can buy into the company at a share price that's 15.8% discounted from its start-of-the-year valuation. The price-to-earnings is 8.2, and price-to-books is 0.9 times.

According to its third-quarter results, the company has increased its net earnings by $1.3 billion, compared to the third quarter last year. Its balance sheet is strong, and the payout ratio of its dividends is quite safe (41.1%). Now is a perfect time to add this Dividend Aristocrat to your portfolio.

default watermark

Foolish takeaway

Chasing low valuation isn't a good long-term investment strategy. However, if you can buy great businesses at an amazing price, you can set your portfolio up for decades. This market crash offered a once-in-a-decade chance to buy several great businesses at rock bottom valuations, and many of them are still available. Choose the right ones and you can expedite the growth of your portfolio significantly.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:NOA (North American Construction Group Ltd.)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:MI.UN (Minto Apartment Real Estate Investment Trust)
5. TSX:NOA (North American Construction Group Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise

Category

1. Dividend Stocks
2. Investing

Date
2025/08/16
Date Created
2020/11/24
Author
adamothman

default watermark

default watermark