



## Top 3 Value Stocks for April 2021

### Description

Value stocks have outperformed tech stocks over the past three months. If investors continue to rotate from growth to underpriced traditional sectors, you may want to add exposure to value stocks.

With that in mind, here are the top three value stocks for April 2021.

### Value stock 1

**Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) is the perfect example of a value stock that's still trading at fair value. The [stock has a beta of 0.05](#), which means it is perfectly uncorrelated to the rest of the stock market. That's because its core service, electricity, is an absolute essential.

Fortis' stable and predictable business model allows the management to chart out shareholder rewards several years in advance. The stock currently offers a 3.7% dividend yield. That's expected to steadily increase every year for the foreseeable future as electricity demand grows and Fortis reinvests. In fact, dividends have steadily climbed every year for the past 46.

At the moment, Fortis stock is trading at 20 times earnings per share. That implies an earnings yield of 5%. Robust earnings and a track-record of shareholder rewards makes this the perfect defensive play for April 2021.

### Value stock 2

**Loblaw** ([TSX:L](#)) is another defensive bet. Like Fortis, this stock has a low beta of just -0.11. Loblaw stock also trades at a price-to-earnings ratio of 22; implying an earnings yield of 4.5%

Loblaw's pharmacy chain Shopper Drug Mart is already a critical hub for vaccinations. Over the next few months, Canada's inoculation drive is expected to speed up. That should dramatically raise foot traffic at Shoppers, potentially leading to better sales. After all, who wouldn't want snacks and drinks while waiting in line?

Grocery chains like Loblaws are recession- and pandemic-proof. But the pharmacy exposure also makes this a reopening play. Add this stock to your value watch list for April.

## Value stock 3

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is, perhaps, the most underappreciated [energy play](#) in Canada. While the stock gets lumped in with all the major oil producers, investors seem to overlook the fact that Enbridge's business model is different. It operates pipelines and transports oil. That means sales are based on volume rather than the price of crude.

Consumption of oil, along with all other commodities, is expected to explode in the next few months. The economic reopening coupled with record-high savings and pent-up demand for international travel should push oil demand much higher. That means better sales for Enbridge.

Meanwhile, the stock is undervalued. It's currently trading at 15 times forward earnings per share and 1.75 times book value. Investors can also expect a handsome dividend yield of 7% if they buy the stock now. Don't miss out on this value stock that's worthy of Warren Buffett's portfolio.

## Bottom line

April 2021 is the perfect time to accumulate value stocks. Investors are rotating away from high-growth to cash flows in the coming months. Stocks like Loblaws, Fortis and Enbridge are clear favorites.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:L (Loblaw Companies Limited)

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