3 Undervalued Stocks to Buy Under $40 Right Now

Description

It can be hard to find stocks that are truly undervalued, especially in a volatile market. But if you're a long-term investor, don't let volatility scare you. Finding value stocks is the surest way to create a strong investment portfolio. So consider these four stocks today, all trading below $40 per share.

RioCan REIT

As the pandemic slowly comes to an end, retail should start to pick up again. That's why investors should consider owning a value stock like **RioCan REIT** (TSX:REI.UN), a company with mixed-use properties located in high-density urban centres. Yet shares are only up 42% in the last year.

While the company may have a 90% dependency on retail, it's the mixed-use part that has investors excited. RioCan currently has residential spaces above several of its retail businesses, and 14 properties under development. It's this strategy that will see continued growth in the years to come.

The stock is valuable at 0.8 times book value, and 4.4 times sales. It also offers investors a strong 4.93% dividend yield. With shares trading at around $19.50, that would give you $246 per year from a $5,000 investment.

NorthWest REIT

Yes, another REIT but for a great reason! This stock didn't have a downturn; rather, it simply soared higher. Yet shares are still a bargain for **NorthWest Healthcare Properties REIT** (TSX:NWH.UN), growing 60% in the last year alone.

The company has a strong 97% occupancy rate with an average lease agreement of 14.5 years! That's from a diverse range of properties around the world, all within the necessary health sector. So this is an excellent option for any portfolio. Investors should continue to see growth from this company as it continues to acquire new healthcare business.

Yet the stock is quite valuable at 1.4 times book value, and 5.5 times sales. You also get another solid 6.18% dividend yield. Shares are currently at $13 per share, bringing in $307 per year from a $5,000 investment.

CloudMD

While **CloudMD Software & Services Ltd.** (TSXV:DOC) may have risen substantially in the last year, it's still a value stock given its future outlook. The telehealth company continues to grow through acquisition, bringing in more and more revenue that seems to have no ceiling. Shares have followed suite, up a whopping 378% in the last year alone! Yet shares are down about 10% since the beginning of the year, leaving a prime opportunity for investors to jump in.

It's this growth strategy that has investors continuously interested in CloudMD stock. The company recently closed yet another acquisition and there seems to be no end in sight. The company can now boast to be a telehealth provider for several medical industries, ranging from physiotherapy to physicians and everything in between. Since there's no limit to healthcare, there's really no limit to this stock either.

Yet again, the stock has a reasonable 6.2 times book value, though it's a bit high according to sales. What investors need to decide is whether this is a great long-term buy for their portfolio. While it may not have a dividend, analysts expect the stock to practically double in a year's time, which makes it undervalued in my books.

CATEGORY

1. Coronavirus
2. Investing
3. Personal Finance

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSXV:DOC (CloudMD Software & Services Inc.)

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