3 Dirt-Cheap Value Stocks to Grab in September

Description

It's a good time to be a value investor. This summer, tech stocks continued their rally to all-time highs, while value stocks (e.g., banks and energy companies) posted much more tepid gains. As a result, top value stocks are now far cheaper relative to earnings than they were before. Of course, these stocks are cheap for a reason. They don't have anywhere near the earnings-growth potential that tech and innovator stocks do. Still, many of them are adequate businesses whose shares pay large dividends. In this article, I'll explore three dirt-cheap value stocks to grab in September.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank stock with some dirt-cheap value metrics. At today's prices, it trades at 10.5 times earnings, 3.3 times sales, and 1.5 times book value. These are pretty low multiples, suggesting that CM is a good value at today's prices. On the flip side, the stock doesn't offer much growth. Its five-year CAGR growth in revenue is just 6%. The growth rate for earnings is 7%. The most recent quarter did see 48% growth in earnings, but that's mainly because of recovery from the 2020 COVID-19-related damage. I wouldn't buy this stock with the hope of seeing huge stock price gains, but it's a worthy dividend play.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the highest-yielding Canadian dividend stocks, with a 6.66% yield. The stock is clearly in the value category, trading at 16.5 times GAAP earnings, 2.4 times sales, and 1.4 times book value. And, believe it or not, this company has some growth prospects, too. It's a pipeline company that is actively involved in building new pipeline infrastructure across North America. A number of ENB's competitors' pipelines have been cancelled or scrapped, which creates opportunities for the company to fill the gaps in the markets. And its services are already highly in demand as it is.

Alibaba

Turning from Canadian stocks to global stocks, we have **Alibaba Group Holdings** (NYSE:BABA). Chinese stocks like BABA are the best value plays on the planet right now. The Chinese Communist Party has launched a series of moderate reforms that have caused minor inconveniences for companies like BABA, and the markets are reacting like it's the end of the world. As a result, their shares are getting pushed down this year, despite ever-growing revenue and earnings.

BABA is my favourite of these Chinese value plays, because it's the most profitable. Sporting a 40% gross profit margin and a 16.5% return on equity (ROE), it beats the pants off its closest competitor **JD.com** on profitability. On top of profits, it also has strong revenue growth, with sales up 40% year over year for the trailing 12-month period. Overall, this stock is an overflowing river of growth and profit. Yet still, it's very cheap, trading at 16.5 times earnings and 3.8 times sales. I spent much of the past two months accumulating shares in BABA for this reason. I may continue to do so next year if the stock still hasn't hit its estimated fair value of $250.

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