



## 3 Dirt-Cheap Value Stocks I'm Holding in December

### Description

This December, we're in a pretty turbulent market. The past week has seen significant volatility, with both Canadian and U.S. stocks selling off and rising again. In a way, this resembles the price action we saw in March 2020, with extreme swings both up and down. The difference is that this time, the swings (in percentage terms) are much smaller. In March of last year, daily moves up or down 10% were commonplace. This time around, the moves we're seeing are comparatively tame—more like 2% or 2.5%.

Still, it's a volatile market. More volatile, perhaps, than any seen this year. Which is one reason why I'm going big on value stocks. With ample margins of safety, these types of stocks should fare better in a volatile market than more richly valued names. In this article, I'll explore three value stocks that I'm holding in December 2021.

### Micron Technology

**Micron Technology** ([NASDAQ:MU](#)) is one stock you might be surprised to see on this list. As a semiconductor [technology stock](#), it belongs to a fairly competitive and volatile industry. And indeed, Micron Technology itself has given investors a fairly volatile ride historically. With a 1.2 beta coefficient, MU is about 20% more volatile than the **S&P 500 Composite Index**. Given that, you might think that it is not exactly an ideal play for a volatile market. But in many ways it is. Micron Technology is a classic value play, trading at just 16 times earnings and 2.3 times sales.

It is very cheap, yet it also has high growth, with revenue up 36% and earnings up 175% in the most recent quarter. This is a combination of growth and value you don't see very often, which makes Micron a great play for a time when markets are arguably overheated. Volatile or not, I'm expecting it to do well over the long run.

### TD Bank

The **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is a bank stock I've owned for several years and

have no plans of selling any time soon. I actually added to my TD position recently, on the same day I initiated my position in Micron. TD Bank, like all banks, is positioned to gain from rising interest rates. As for why I like TD better than other Canadian banks, it comes down to operational diversification. TD is geographically diversified, with 33% of its income coming from the United States.

This heavy amount of earnings coming from a foreign country means that TD can withstand weakness in the Canadian economy. Second, TD is part owner of **Charles Schwab**, America's [third-largest brokerage firm](#), a large investment that can pump out tons of dividends when SCHW does well. So, TD Bank has a lot of potential compared to your average Canadian financial stock.

## CN Railway

Last but not least, we have the **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). This is the stock I have held the longest out of all stocks in my current portfolio. I have no plans of selling it any time soon. CNR is the one stock among the three mentioned in this article that stretches the definition of "value" the most. Trading at 28 times earnings and eight times sales, it's a little more expensive than the average value stock.

However, it does have a low multiple to operating cash flow (17), and it's a very reliable company with the potential to grow with the Canadian economy. The more gross domestic product increases, the more demand there will be for the kinds of goods CN ships—grain, coal, oil, and the like.

This is a pretty reliable business, and CN has only one competitor in Canada. So, with the reliability of earnings factored into the equation, I'm comfortable calling CNR a value stock. At any rate, I'm certainly going to be holding it long-term.

### CATEGORY

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### TICKERS GLOBAL

1. NASDAQ:MU (Micron Technology, Inc.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:TD (The Toronto-Dominion Bank)

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