3 Value Stocks That May Be Too Cheap to Ignore

Description

A rotation into value stocks and away from growth continues to be underway. For investors in long-neglected businesses seen as value picks, this has been a great thing to watch.

However, given this run-up in valuations among “cheap” stocks, it’s harder to find true value in today’s market. Here’s why I think **Vermilion Energy** (TSX:VET)(NYSE:VET), **Manulife** (TSX:MFC)(NYSE:MFC), and **SmartCentres REIT** (TSX:SRU.UN) are great options right now.

Vermilion Energy

Vermilion Energy is a top-notch Canadian oil and gas company. This energy player acquires, produces, explores, and develops a range of natural gas and crude oil properties. Additionally, this company’s operations aren’t just centred on North America. Vermilion is also present in Europe and Australia.

Recently, this company signed a $477 million deal to purchase junior energy organization Leucrotta Exploration Inc., a Montney-focused natural gas and oil development and exploration organization with properties in northwestern Alberta and northeastern British Columbia.

Vermilion Energy will acquire all outstanding and issued Leucrotta shares for cash consideration of $1.73 for every share. This includes the securities that are convertible into Leucrotta shares, which are exercised before or in conjunction with this acquisition.

Overall, Vermilion’s strong recent earnings, as well as its forward-looking pipeline of potential projects, have made this stock one to consider. Trading at only seven times earnings, there’s plenty of upside left for investors bullish on rising energy prices right now.

Manulife

Another company trading at around seven times earnings is Manulife. This insurance giant has gained the attention of many value investors, partly due to its rising share price and valuation multiple, which has stayed somewhat stagnant of late.

Compared to other financial institutions such as banks, Manulife remains undervalued. For a company with an impressive international business and a penchant for growth (both organic and via acquisition), there's a lot to like about this setup.

This life insurer boasts a remarkable inorganic growth story with acquisitions that have added scale to its core business lines which include group retirement, insurance, and group benefits. Manulife saw double-figure growth in NBV (new business value) last year across Canada, Asia, and the United States segments.

Appropriate rates of interest, disciplined expense management, a favourable product mix, greater margins in international business and annuities, and greater sales volumes will likely drive NBV.

Over time, I think Manulife could be an excellent long-term winner for value investors at these levels.

SmartCentres REIT

A stock that's even cheaper than the others on this list, SmartCentres REIT currently trades at less than six times earnings. With a dividend yield of 5.5%, there's a lot to like about how this value/income stock is priced right now.

What's even more interesting is that SmartCentres has been on the incline in a big way this year. Like its value stock peers, this REIT has grown mainly due to its rising earnings, and not multiple expansion, of late.

For long-term investors seeking income, SmartCentres REIT remains one of my top picks. This company's portfolio of high-quality retail real estate, anchored by blue-chip tenants, is among the best in the business. This is also a REIT with a payout ratio around 60%, which is much lower than many of its peers.

Indeed, any of these top value stocks are worth considering right now. I think a portfolio that includes all three of these names is one that is likely to perform well over the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:VET (Vermilion Energy)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
5. TSX:VET (Vermilion Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/18
Date Created
2022/03/30
Author
chrismacdonald