Got $1,000? Buy These 3 Value Stocks to Earn Superior Returns

Description

The concerns over rising inflation, multiple rate hikes, geopolitical tensions, and an expectation of slowing growth have put pressure on the equity markets. The **S&P/TSX Composite Index** has fallen by 11.3% from its peak**.** Meanwhile, the steep correction has created buying opportunities in the following three stocks.

goeasy

goeasy (TSX:GSY), which is trading at over a 50% discount from its September highs, is my first pick. The selloff has dragged its NTM price-to-earnings multiple down to 8.5. Meanwhile, the company had reported a solid first-quarter performance on Wednesday. Amid improved demand and higher loan originations, the company recorded the second-largest quarter of organic growth. The company's loan originations came in at $477 million for the quarter, with its loan portfolio expanding to $2.15 billion. The company added 7,120 net new customers during the quarter.

The top-line growth increased its operating income by 25% to $80.0 million, with its operating margins standing at 34.4%. Its adjusted EPS grew by 16% to $2.72. Notably, the uptrend in the company's financials could continue amid rising demand for its services, product expansion, strengthening of distribution network, and new market penetration. Supported by its growth initiatives and favourable market conditions, the management hopes to increase its loan portfolio to $3.6 billion by 2024.

goeasy has also boosted shareholders' returns by raising its dividend for the past eight years at an annualized rate of over 34%. So, given its healthy growth potential, attractive valuation, and dividend growth, I expect goeasy to deliver solid returns over the next three years.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is one of the top performers this year, with returns of 46.9%. Despite its impressive returns, its valuation still looks attractive, with its NTM price-to-sales and NTM price-to-earnings multiple standing at 1.1 and 5.4, respectively.

Meanwhile, the company reported an impressive first-quarter performance on Monday, with its adjusted funds from operations doubling from its previous year's quarter. Its adjusted operating earnings grew around 270% to $2.76 billion. Higher crude oil and refined product realization more than offset a decline in production volumes to drive its financials. It also repurchased $827 million worth of shares while paying $601 million of dividends.

Meanwhile, I expect Suncor Energy to continue posting solid financials in the coming quarters, as oil prices could remain elevated in the medium term. Increased production, a decline in debt levels, and share repurchases could drive its growth in the coming quarters. So, given its healthy growth potential, I believe Suncor Energy would be an excellent buy at these levels.

Enbridge

My final pick is **Enbridge** (TSX:ENB)(NYSE:ENB), a Dividend Aristocrat that has raised its dividend for the previous 27 years. Supported by over 40 highly regulated revenue-generating assets, the company's cash flows are reliable and stable, thus allowing it to raise its dividends consistently. Currently, the company's forward yield stands at an attractive 6%.

Last week, the company had posted a solid first-quarter performance, with its adjusted EBITDA growing by 10.8%. The strong performance from its liquid pipeline segment drove its financials. Increased throughput due to the addition of the Line 3 facility, higher tolls, and the acquisition of the Ingleside Energy Center drove its financials. After posting its first-quarter earnings, the company has reaffirmed its guidance for this year. The management expects its adjusted EBITDA to grow from $14 billion in 2021 to $15–$15.6 billion.

Despite its healthy growth potential and juicy dividend yield, Enbridge currently trades at an attractive NTM price-to-earnings multiple of 18.1. So, I am bullish on Enbridge.

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Date
2025/08/25
Date Created
2022/05/13
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