



## 3 Top Value Stocks to Buy in December 2022

### Description

A tumultuous and volatile year is finally coming to an end for stock market investors. In the first 11 months of 2022, equity investors have wrestled with several macroeconomic issues ranging from rising interest rates, inflation, supply chain disruptions, geopolitical tensions, and much more.

While several stocks across sectors have seen a pullback in prices and valuation multiples, it might be a good time to go bottom fishing and buy quality companies at a discount. Here, I have shortlisted three such [value stocks](#) trading on the TSX to buy in December 2022.

### TSX value stock #1: Bank of Montreal

Canadian bank stocks have lost momentum year to date, as demand for consumer, commercial, and mortgage loans is expected to be negatively impacted due to quantitative tightening measures and the rising cost of debt. Shares of **Bank of Montreal** ([TSX:BMO](#)) are currently trading 15% below all-time highs and offer investors a dividend yield of 4.3%.

Due to a strong and well-capitalized balance sheet, BMO has managed to thrive across business cycles. In fact, the Canadian banking giant has managed to increase its dividend payout at an annual rate of 8.4% in the last 27 years.

Priced at 9.3 times forward earnings, BMO is forecast to increase its adjusted earnings at a steady pace in the next five years, despite a challenging environment.

Analysts tracking the stock expect it to surge by more than 10% in the next year. After adjusting for dividends, total returns will be closer to 15%.

### TSX value stock #2: NFI Group

Valued at a [market cap](#) of \$754 million, **NFI Group** ([TSX:NFI](#)) provides a compelling opportunity to invest in the rapidly expanding electric vehicle market. NFI Group is among the leading manufacturers

of heavy-duty transit buses and motor coaches in North America and the United Kingdom.

It has significant expertise and manufacturing capacity to accommodate an industry-wide shift towards zero-emission transportation. The company confirmed it could manufacture 9,000 vehicles each year. Around 8,000 of these vehicles can be battery-powered or fuel-cell electric vehicles.

NFI expects revenue to rise at an annual rate of 16% through 2025. Last year, its sales stood at \$2.8 billion, while it reported an adjusted loss of \$0.23 per share. Now, NFI forecasts adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of between \$400 million and \$450 million in 2025, as electric buses will then account for 40% of total production.

In order to conserve cash and use its resources prudently, NFI expects to save \$67 million in costs each year. Priced at 0.3 times forward sales, NFI is among the cheapest stocks on the TSX.

## TSX value stock #3: Canadian Apartment Properties REIT

A real estate investment trust (REIT) that yields 3.4% in annual dividends, **Canadian Apartment Properties** ([TSX:CAR.UN](#)) is the final value stock on my list. With a portfolio of 67,000 residential apartment suites, townhomes, and land lease community sites in Canada and the Netherlands, Canadian Apartment Properties has around \$18 billion in assets.

The REIT ended the third quarter with an occupancy rate of 98.1%, as operating revenues and net operating income surged by 6.7% and 5.4% year over year, respectively.

Canadian Apartment Properties is focused on widening its cash flows by acquiring properties over time. Since the start of 2021, it has deployed \$1.7 billion to acquire more than 5,000 suites.

Its total debt to gross book value is sustainable at 39.4%, while its interest coverage ratio stands at 3.8 times at the end of the September quarter. Valued at less than 20 times 2023 earnings, the REIT is trading at a discount of almost 25% to consensus price target estimates.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)
2. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
3. TSX:NFI (NFI Group)

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