3 of the Best TSX Value Stocks to Buy in February

Description

The new year has already seen unlikely stocks picking up huge gains. From **AMC** to **GameStop** over the border, to **Cineplex** and **BlackBerry** closer to home, momentum abounds. But does this mean that Canadian investors should start getting in on highly risky speculative plays? Or is there a less volatile way to play value stocks? Let's explore three value picks together that could beef up a portfolio with less capital risk.

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Blending gold, tech, and healthcare

Looking through gold stocks throws up a lot of good ideas. However, after last year's gold bull run, not all of these stocks are still good value for money. **Kinross Gold** (TSX:K)(NYSE:KGC) bucks that trend. This is an attractively valued pick that nevertheless blends a bunch of quality indicators. A solid all-rounder, Kinross has seen earnings growth break the 500% mark in the last 12 months.

Annual growth in the same area is likely to be a more quotidian 20%. That said, though, five-year returns are estimated to be in the 250% range. Beyond Canada and the U.S., Kinross is also active in South America and the Russian Federation. For a diversified play on the safe-haven asset of gold, Kinross ticks a lot of boxes while selling at around 30% of its estimated fair value.

Photon Control (TSX:PHO) may not be a familiar name to a lot of Canadian portfolio holders. However, it's potentially one of the best overlooked stocks on the **TSX** for several reasons. It's not just its ticker that's appetizing: Photon Control can boast a price tag that's around half its estimated future cash flow value. Revenue from its optical sensors and systems is also expected to grow 13.5% annually over the next one to three years.

Notably, Photon Control is a low volatility play, with its share price exhibiting less movement than 75% of the TSX in the last three months. Despite this, Photon Control is looking all set to deliver on five-year shareholder returns of 225%. A price to book of 3.6 may look a little steep compared with the market. However, when you factor in the electronics industry average of 6.6, Photon Control is a play for strong peer-relative value.

Long-term gains and less risk

If ever there were a good time to pack healthcare stocks in a TSX portfolio, it's now. But why does **Viemed Healthcare** fit the bill in particular? Aside from the applicability of its respiratory and oxygen related systems, Viemed boasts a P/E of 11.8 times earnings compared with the healthcare average of around 30. And despite growing its earnings by 238% in 12 months, Viemed is still capable of 75% upside.

These three stocks were hand-picked so that they can be held in a single portfolio without industrial overlap. However, investors should – as always – check their exposure to any one sector before adding to a portfolio. That said, these three names could be used in concert either to start a fresh basket of **TSX** stocks, built around a strict value strategy, or for a little "growth at a reasonable price" seasoning in an established portfolio.

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TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

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