RRSP Investors: Let's Go Bargain Hunting!

Description

After the **S&P/TSX Composite Index's** 6% pullback since the highs of the summer, many stocks have emerged as very attractive bargains, making it a good time to engage in a bargain-hunting shopping spree for long-term value creation.

The best time to reassess stocks that have been hit hard is when the TSX index shows weakness; it's all in the search of long-term value.

Is it time to pull the trigger on the following stocks that have seen massive declines?

Innergex Renewable Energy (TSX:INE) stock is down almost 20% since this summer.

Innergex's assets provide a sustainable and reliable source of long-term cash flows, as their facilities have long-term purchase agreements.

With a dividend yield of 5.61%, and a stock that has been decimated, investors have a chance to get access to a strong portfolio of wind and hydro assets, a large development pipeline that will bring future capital appreciation, and an attractive income stream.

And Innergex is in an industry of the future: the renewable energy industry.

Freehold Royalties (TSX:FRU) is a totally different beast.

This royalty company has exposure to the Canadian oil and gas industry, which is suffering due to infrastructure issues, with a lack of pipelines driving down Canadian oil pricing. At this point in time, Freehold stock has fallen more than 40% in the last year.

However, the company's cash flows show that this stock price action is not justified. Operating cash flow increased 8% in the last quarter, and the company's free cash flow yield was above 20%.

Freehold is an energy stock with a well-diversified asset base, a low-risk business model with relatively predictable cash flows, a strong balance sheet, and a low payout ratio, with a dividend that has been increasing nicely in recent years.

Furthermore, the improving regulatory landscape that should come with the recent LNG project approval should improve the differential, as should increasing oil-by-rail shipments and pipeline expansions that are in the works.

Martinrea International (TSX:MRE) stock has fallen 33% since the spring after posting really solid gains in the prior year.

Trade talks, stock market weakness, and concerns over the auto cycle all played a role in this destruction.

Throughout all of this, though, the stock has emerged as very attractively valued as the company is achieving growth rates of well above the industry (capturing market share) and continued solid margin improvements.

This solid $1 billion auto-parts supplier trades below book value, despite a strong track record of growth, balance sheet strength, and strong returns, making it a solid bargain to consider adding to your RRSP portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:INE (Innergex Renewable Energy)
3. TSX:MRE (Martinrea International Inc.)

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