



TFSA Investors: 3 Oversold Stocks That Have Probably Bottomed

Description

With the October-December Trump slump now in the rear-view mirror, it seems that TFSA top-up time couldn't have at a better time. This year, you've got \$6,000 to contribute to your TFSA, and if you've got the funds, but don't know what to buy, here are three [beaten-up](#) stocks that I believe may be nearing a bottom.

Canadian Tire (TSX:CTC:A)

Anything to do with brick-and-mortar retail is in the doghouse right now, and even robust and resilient Canadian Tire couldn't avoid the carnage in spite of the incredible "moat-building" efforts that management has pursued over the past two years.

Exclusive branded merchandise (Helly Hansen, Woods, Motomaster, etc.), the Triangle loyalty program, and compelling tech are inspiring Canadians to visit Canadian Tire, Sport Chek, and Marks locations. While the rise of e-commerce has been a pressure point for the iconic Canadian company, one could argue that Canadian Tire is one of the best-equipped to survive and adapt to the new age of retail.

The company has continued to post solid, albeit imperfect numbers, and given the stocks trading at the cheapest its been in recent memory, I'd say it's time for value-oriented investors to start nibbling on a stock that I believe has a wide margin of safety.

The stock trades at 11 times next year's expected earnings, which is the lowest it's been since times of economic crisis. Given the trajectory of the company and the solid growth runway ahead, I'd say the bottom was in at \$140.

Industrial Alliance ([TSX:IAG](#))

Since the Christmas Eve plunge, Industrial Alliance has been ripping higher with shares jumping over 15% from the bottom of \$41 and change.

I've been pounding the table on Industrial Alliance as one of my favourite picks for 2019, citing the

stock's jaw-droppingly low [single-digit P/E multiple](#), the vast discount to book value, and the fairly decent operating performance as primary reasons why the stock was due for a sharp "upside correction."

Even after the big bounce, I still think Industrial Alliance is ridiculously cheap and has much more room to run, especially if the yield curve doesn't end up inverting.

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#))

Here's a stupendous earnings-growth company that's been on a rocky road over the past few years. Despite the woes over slowed comps numbers at Tim Hortons and Burger King, I believe investors are losing sight of the bigger picture.

The ambitious global expansion will be a huge driver of the top and bottom line. Given that there's room for improvement on the comps front, I'd say that Restaurant Brands is very capable of surprising us all should it ever be able to fire on all cylinders.

The company is on the verge of expanding its brands across the globe, and given the capital-light business model and the defensive characteristics of the fast-food industry, I'd find it very unlikely that earnings would trend down for a sustained period.

If Burger King suffers slowed comps, Tim Hortons and Popeyes could do the heavy lifting. And as the comps story plays out, Restaurant Brands will be expanding like it's nobody else's business, rolling out its brands across the globe and collecting new royalty streams from promising untapped markets.

Foolish takeaway

All three names have hearty dividends and appear to be the cheapest they've been in years. If you've got the room in your TFSA, I'd buy all three. And if you're keen on just one name at this juncture, I'd pick up Restaurant Brands, as it's a double-digit earnings growth story that's priced as a value stock.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:IAG (iA Financial Corporation Inc.)
4. TSX:QSR (Restaurant Brands International Inc.)

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