The Top Undervalued TSX Stocks in 4 Key Canadian Industries

Description

With one bold pick to represent each of the four chosen industries of energy, banking, metals and mining, and tech, these undervalued companies are a solid place to start if you want to put together a first-time investment portfolio or if you want to stack some decently valued stocks in a pre-existing portfolio of assets, including a TFSA or retirement fund.

The energy stock

Selling at a 43% discount compared to the future cash flow value, **Husky Energy** (TSX:HSE) is an undervalued wunderkind of an energy stock. A one-year past earnings growth of 609.1% smashed the industry average of 15.6%, while attractive valuation is signaled by a low P/E of 7.9 times and P/B of 0.8 times.

Looking at the six- to nine-month inside buying data, it's possible to see that more shares have been bought by insiders than sold, so if you happen to be looking for insider sentiment, there's some tentative confirmation here that confidence in Husky Energy is moderately high. A dividend yield of 3.38% and some defensive stats make this a real bargain of a Canadian energy stock.

The bank stock

A 15% discount off the future cash flow value and low multiples make **Laurentian Bank** (TSX:LB) the undervalued back stock pick of the day. A one-year past earnings growth of 11.2% beat the industry average of 8.9%, while general good health is indicated by a five-year average past earnings growth of 14.4%.

There's been steady inside buying of shares in Laurentian Bank over the last 12 months, showing that switched-on investors like the idea of a TSX index banking stock with a low P/E of 8.6 times, sensible P/B of 0.8 times, and tasty dividend yield of 5.9%.

The mining stock

Gold and silver may be having their year, or so the pundits are saying, so if you want in on the precious metal rush, why not stack shares in a nice and stable mining stock like **Lundin Mining** (TSX:LUN)? A P/E of 10.7 times and P/B of 0.9 times show that you're getting good intrinsic value for your money when you buy this stock. Currently discounted by 31% compared to its future cash flow value, Lundin Mining pays a dividend yield of 2% and is looking at a 27.8% expected annual growth in earnings.

The tech stock

While not what you might call attractively valued when compared with the market (it is a tech stock, after all), **Open Text** (TSX:OTEX)(NASDAQ:OTEX) has seen a steady flow of insider selling over the past year, and with a P/B of 2.5 times, it displays some of the best per-asset valuation of its industrial cohort. In other words, it's as close to a good value tech stock as you can get on the TSX index without trying to catch a falling knife.

Open Text's one-year past earnings growth of 62% beats its own five-year average of 17.3%, with a 33.2% expected annual growth in earnings showing that positivity will be in the air for the next couple of years. You may want to weigh whether it's safe to stay in it that long, though, with Open Text holding comparative debt of 70.3% of net worth. A dividend yield of 1.77% is on offer if you want to hold on for passive income more so than capital gains.

The bottom line

If you're starting out on the TSX index and looking for the best ways to invest in Canada's biggest stock market, the tickers listed above represent four of the biggest key sectors. All four of these stocks have some data that confirms attractive valuation, and they are among some of the best stocks to buy now before their share prices start to pick up.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Metals and Mining Stocks
6. Stocks for Beginners
7. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:LUN (Lundin Mining Corporation)
4. TSX:OTEX (Open Text Corporation)

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