



2 TSX Index Stocks With Big Upside Potential Today

Description

The rally in the TSX Index to start 2019 has wiped out many of the deals we saw at the lows of late December, but there are still attractive picks in the [TSX Index](#) that might offer a shot at some nice gains through the end of the year.

Let's take a look at two stocks that still appear reasonably priced right now.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

Bank of Nova Scotia currently trades at less than 11 times trailing 12-month earnings. That's a nice discount to its two larger Canadian peers.

The stock has pulled back a bit after the company reported fiscal Q1 2019 earnings results that came in a bit light compared to analyst expectations. The quarter was a rough one for most of the big [Canadian banks](#), so the issue certainly wasn't specific to Bank of Nova Scotia.

The company is also working through the process of integrating three relatively large acquisitions, including two strategic additions in the Canadian wealth management sector and a deal in Chile that doubled the bank's market share in the country to 14%. Investors might be taking a wait-and-see approach to determine if the returns on the big bets will pan out as expected, but the company's acquisition track record suggests the moves should deliver as expected.

Bank of Nova Scotia continues to grow its international operations with a core focus on Chile, Mexico, Peru and Colombia. The four countries make up a trade bloc called the Pacific Alliance. The region posted the strongest results in the bank's fiscal Q1 and the international division accounts for about 30% of Bank of Nova Scotia's profits.

The current dividend provides a yield of 4.65%, so investors who buy today can pick up a nice return while they wait for sentiment to improve.

The stock trades at \$73 per share compared to \$82 at this time last year.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#))

The Canadian energy sector continues to struggle with pipeline bottlenecks and volatile oil prices. Producers that have balance sheets loaded with debt should probably be avoided, but the larger players with strong cash positions appear attractive today.

Suncor is a giant in the sector and its integrated business structure provides the company with cash flow stability when oil prices fall. Suncor is best known for its oil sands and offshore production assets, but it also owns refining and retail divisions.

The company has the financial firepower to buy strategic assets when times are tough and can push ahead with large projects when other players have to shelve their developments. It is cheaper to build during the lean times, and the rewards can be significant when new facilities go online as oil prices recover. Suncor's Fort Hills and Hebron projects are good examples.

The company raised the dividend by nearly 17% for 2019. Investors who buy today can pick up a yield of 4.2%.

The stock currently trades at \$44 per share compared to \$55 last summer. If oil can muster a meaningful rally in the coming months, Suncor should see a strong move to the upside.

The bottom line

Bank of Nova Scotia and Suncor are two of Canada's top companies with strong track records of growth. The stocks appear attractively priced today, and investors who take a contrarian position at the current level will get paid well to wait for the next tailwind to emerge and push the share prices higher.

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