



TFSA Investors: 2 Ridiculously Undervalued Stocks I'd Buy With an Extra \$6K

Description

2019 has been a heck of a run, and although stocks as a whole may seem somewhat expensive again, there remains an abundance of [cheap](#), out-of-favour stocks scattered across the TSX. For those willing to go on the hunt, such names that already have the bar lowered appear ripe for picking for those seeking better-than-average year-ahead results.

Without further ado, here are two undervalued names that could give your TFSA a [big boost](#) over the next year.

Jamieson Wellness ([TSX:JWEL](#))

With a trailing P/E of 28, Jamieson stock appears anything but cheap. When you consider the growth catalysts that'll be in store over the next year, however, the growth premium slapped on the stock appears warranted and due for some significant multiple compression as earnings look to take off with the company heading into the red-hot Chinese market, where Jamieson is already a relatively well-known foreign brand.

Yes, it's hard to justify paying over 25 times earnings for the producer of a mere commodity. Vitamins, minerals, and other supplements (VMS) are probably the last thing that comes to mind to growth-savvy investors. However, when you consider the brand trust (or brand equity) that's been built over the course of the last century, and the fact that many lower-cost alternative VMS players fail to deliver on the quality front, it becomes more evident that Jamieson does, in fact, have a moat, despite the commoditized nature of the VMS market.

With the Chinese growth runway cleared, Jamieson stock could be set for take-off a lot sooner than most analysts are suspecting.

Canadian Tire ([TSX:CTC.A](#))

The Canadian brick-and-mortar icon is down due to pressures placed for by up-and-coming e-

commerce players. And while many retail bears think that the company is experiencing a slow and painful death, as Toys “R” Us did in the U.S., I believe there’s significant value to be had for those who see how robust a retailer Canadian Tire actually is and how overblown the fears are at this juncture.

The Tire sports a 2.9% dividend yield, close to the highest it’s been in recent memory. With management focused on building upon its strengths (in-store experiences, loyalty, digital engagement, exclusive branding), it’s not too far-fetched to think that the severely discounted dividend stock could soon experience an upside correction as management’s background efforts finally become more apparent in the financial results.

Add a continually improving e-commerce platform into the equation, and I think Canadian Tire won’t only survive the brick-and-mortar onslaught — it’ll thrive.

With shares trading at just 11 times forward earnings (well lower than the five-year historical average P/E of 15), I think investors stand to lock in a beefed-up yield and a significant margin of safety alongside a potential for major capital gains over the next year or so.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:JWEL (Jamieson Wellness Inc.)

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