Tax-Free Steals: 3 Top Bargain Stocks to Spike Your TFSA

Description

Hi there, Fools. I'm back to highlight three attractive stocks with low P/E ratios. Why? Because the world's best investors make a habit of buying companies

- when they're trading at significant discount to intrinsic value; and
- when the risk/reward trade-off tilts in their favour.

The P/E ratio isn't perfect. No metric is. But a basket of high-quality, low-P/E stocks still has a great chance to build wealth over the long run — particularly in a TFSA account where the profits are tax free.

Let's get to it.

Royal treatment

Leading of our list is banking behemoth **Royal Bank of Canada** (TSX:RY)(NYSE:RY), whose shares sport a P/E of 12.5.

Challenging market conditions weighed on RBC's recent Q1 results, but the company's core fundamentals remain solid. During the quarter, diluted EPS and revenue both increased 7% over the year-ago period.

On that strength, management upped the dividend 4.1% to $1.02 per share. Moreover, RBC approved a repurchase program of up to 20 million shares.

"Our strategy and unwavering focus on delivering value for our clients and shareholders continues to underpin our ability to consistently deliver solid results," said President and CEO Dave McKay. "We remain focused on prudently managing our risks and balancing our investments for long-term growth as we transform the client journey."

RBC shares are up 14% in 2019 and offer a healthy yield of 3.7%.

Husky value

With a P/E of 9.5, oil and gas powerhouse **Husky Energy** (TSX:HSE) is next up on our list of value picks.

Despite oil production quotas and soft oil prices, Husky continues to benefit from its business reorganization over the past few years. In the most recent quarter, net earnings spiked 52%, funds from operations increased 7%, and operating cash flow improved slightly.

Thanks to that improvement, management also declared a quarterly dividend of $0.125 per share.

“The structural transformation of our business over the past several years is paying off,” said CEO Rob Peabody in the Q1 report. “We are now realizing higher per-barrel margins across the company.”

Husky shares are flat in 2019 and currently offer a solid dividend yield of 3.2%.

Office space

Rounding out our list is office building owner **Slate Office REIT** (TSX:SOT.UN), whose shares sport an especially paltry P/E of 5.5.

The company has faced a challenging environment in recent years, but management’s turnaround plan involves improving portfolio diversification and reducing balance sheet risk. In fact, Slate recently reduced its dividend to $0.40 annually — a move that will retain annual cash flow of $26 million.

“This is in keeping with our focus on total returns, and we believe it is the best way for us to continue our efforts to close the gap between net asset value and the REIT’s current trading price,” said CEO Scott Antoniak.

Slate Office shares are down 3% so far in 2019 and offer a still-scrumptious dividend yield of 6.5%.

The bottom line

There you have it, Fools: three solid low-P/E stocks worth checking out.

Don’t view them as formal recommendations, of course. Instead, view them as a jumping-off point for more homework. It’s fairly easy to fall into “value traps” every now and again, so plenty of your own due diligence is still required.

Fool on.

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