



TFSA Investors: 3 Underrated Stocks to Buy Dirt Cheap

Description

TFSA investors shouldn't concentrate on dividends alone. Here are three companies whose shares are trading below the perceived intrinsic values. You can buy the stocks while they are cheap, but expect generous capital gains in the near-term.

Assurance of growth

Aecon Group Inc. ([TSX:ARE](#)) built some of Canada's most important landmarks that will be eternally admired. But for investors, the admiration is centred on the stock. At \$19.17 at writing, the stock price of this \$1.1 billion diverse construction and infrastructure development Company is a bit low.

I look at the potential of the business to generate recurring revenue to see whether the stock is worth buying today. If there's a company that fits this measure "TO a T," it's Aecon. Major projects and concessions already lined up from 2019 to 2054.

The project timeline of 35 years indicates a robust pipeline, growing recurring revenue, and stability. Aecon is involved in a total of \$215 billion worth of federal infrastructure programs as well as in key provincial infrastructure programs with a budget allocation of \$170 billion.

Aecon is primed to produce substantial liquidity to support growth. With a dividend yield of 3.0% and a potential capital gain of 35.63%, you can consider a long position on the stock. There's plenty of room for growth.

Brisk business on the horizon

Hardwood Distribution Inc. (TSX:HDI) is hardly mentioned as a good, dividend-paying small-cap stock. However, there is [real value](#) in this premier distributor of decorative architectural building products. Hardwoods Specialty Products are popular in North America and has been for 90 years.

The demand for residential housing will rise once the U.S. Federal Reserve implements an interest rate

cut later this month. One analyst mentioned that millennials will form the new customer base of hardwood in the U.S. and perhaps Canada. About 60 to 70% of the company's revenue is tied to home building.

The stock price will follow the rise in demand for decorative surfaces such as hardwood, plywood, and other building products. You can expect a value play this time, with a possible climb of 67% from the current price of \$12.92.

Hardwood is poised to take advantage of the anticipated improvement in housing fundamentals, opening doors for further expansion and market growth that will eventually create a stronger balance sheet.

Weed upstart on the move

I still maintain my position that **Village Farms International Inc.** (TSX:VFF)([NASDAQ:VFF](#)), the [lesser-known cannabis stock](#), will pull the rug from under the industry giants. The company announced that the 50-50 joint venture with Pure Sunfarms moving as planned.

The objective of achieving a full run-rate production of 75,000 kilograms of dried cannabis annually is right on schedule. The large-scale, low-cost, high-quality cannabis production is happening at the 1.1 million square foot Delta 3 greenhouse in Delta, B.C.

The Village Fields Hemp, a joint venture in North Carolina, is also progressing very well. The program is for outdoor cultivation of high CBD-hemp and CBD extraction. Analysts are now forecasting the stock of the longest-operating vertically integrated greenhouse grower to jump from \$13.14 to at least \$32.68.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NASDAQ:VFF (Village Farms International, Inc.)
2. TSX:ADEN (Adentra)
3. TSX:ARE (Aecon Group Inc.)

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