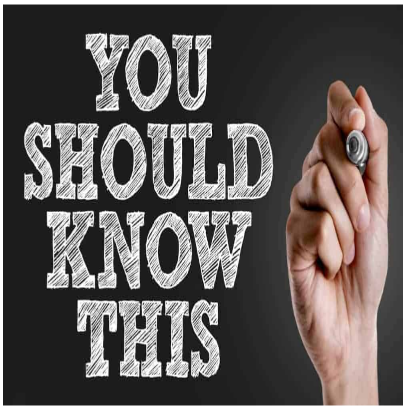

Market Selloff: These 3 Value Stocks Just Got Ludicrously Cheap

Description

There's cheap and then there's *cheap*. Thanks to the recent market crash, many previously inexpensive stocks have become so cheap it's almost embarrassing.

These stocks are especially enticing when you compare them to the return on a risk-free investment, like a government bond. As I type this, the yield offered by a 10-year Government of Canada bond has dipped below 1%, with the current yield at 0.96%. It's hard to get excited when earning less than 1% on your money.

With that in mind, it's easy to argue buying a stock that even trades at 20 times earnings, which translates into a 5% earnings yield — five times higher than buying bonds.

But the stocks I'm about to reveal are *much* cheaper. Each one has around 10 times earnings, meaning that you're getting an earnings yield that's 10 times higher than a secure bond. Because these companies are so cheap, each has huge upside potential.

Let's take a closer look at three of the cheapest stocks on the **Toronto Stock Exchange.**

Toronto-Dominion Bank

It isn't very often you see **TD Bank** (TSX:TD)(NYSE:TD) on a list of cheap stocks, but this sell-off is hitting Canada's second-largest bank stock hard. It's the perfect time to finally load up on shares.

TD has terrific assets in both Canada and the United States. Starting with its domestic operations, it has strong positions in most every Canadian banking category — including mortgages, wealth management, and credit cards.

It even has a robust insurance division. It's also strong in the northeastern U.S. and has been growing the bottom line from those operations nicely for years now.

But thanks to the recent weakness — as well as lackluster results — shares are the cheapest they've been in years. Analysts expect TD to earn a hair under $7 per share in 2020.

The stock price, meanwhile, is below $68 per share. That's right: You can buy perhaps Canada's best bank stock for under 10 times forward earnings.

And remember: TD has also delivered excellent dividend growth over the years. The current payout is 4.7%.

Transcontinental

Printing and packaging company **Transcontinental** (TSX:TCL.A) has been cheap for years now thanks to a big acquisition that hasn't really translated into the bottom line growth that was promised. When sentiment changes, this stock could rocket much higher in a hurry.

It may have already turned the corner, in fact. During the worst of the market rout, the company released its latest earnings, and results were great.

Adjusted net earnings for the quarter came in at $0.49 per share, and the company is succeeding in getting its debt paid off. The company pledged to repurchase more of its undervalued shares and quietly raised the annual dividend to $0.90 per share, which represents a yield of 5.3%.

Shares currently trade around 10 times trailing earnings, but analysts are bullish for the year, telling investors the company should earn around $2.35 per share in adjusted earnings. That puts shares at a mere 7.3 times forward earnings. You won't find many cheaper stocks.

Great Canadian Gaming

After making a transformative acquisition, it's no surprise to see shares trade sideways for a little while as the company digests the new assets. This is exactly what's happening with **Great Canadian Gaming** (TSX:GC) today, making today an excellent entry point for this proven long-term winner.

The company acquired numerous casinos in the Toronto area in 2018, a move that's paying dividends today. Earnings for 2019 came in at $3 per share despite significant dilution to help finance the acquisition. To put that into perspective, earnings were only $1.80 per share in 2018.

The P/E ratio is a little richer than the other two stocks on this list, checking in at around 13 times earnings. But this will likely go down once the company finishes its aggressive share buyback program.

After spending consistently on share buybacks over the years — including some $100 million in 2019 to buy back more than 2.5 million shares — the company has a made a tender offer that could see it spend $500 million on buybacks this month. That's significant; the stock has a $2.2 billion market cap today.

The bottom line

The market crash has given investors the opportunity to buy great stocks at bargain prices — so what are you waiting for?

Load up on great companies like TD Bank, Transcontinental, and Great Canadian Gaming today, before it’s too late.

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