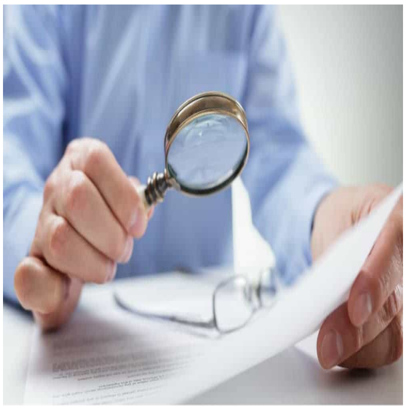

Ignore the Fear: 2 TSX Stocks That Are Bargain Buys Now

Description

It's hard to ignore the fear during a pandemic. Everyone is scared for themselves and their loved ones. Mobility is almost zero, and people are quarantined in their homes. For the first time in history, we can help achieve something by literally doing nothing. It's tough for us, thanks to our restless nature, to stay put. One smart way to survive this time is to try and see the good in the situation.

That brings us to the silver lining for investors: discounted stocks. Some of the most amazing stocks are currently trading way below the fair value. Even with your usual investment funds, you can get some great deals on the TSX now. If you pick a decent number of the right stocks, your nest egg might grow a few years sooner.

A Dividend Aristocrat

CAE (TSX:CAE)(NYSE:CAE) is a more than decade-old Dividend Aristocrat that's tied to the currently unfortunate sector of air travel. The company focuses on pilot training and creating flight simulator programs. It has a future-driven approach and a steady history of dividends and growth, but the current pandemic has shaken it to the core. It's currently trading at $19.4 per share, which is over 50% down from its price in early February.

Many investors may consider it a risky deal, considering the conditions of airlines across the globe. It's still unsure whether or not governments will bail out their airlines well in time. But it's important to understand that while CAE relies heavily on the air travel business, the company's inherent expertise is in training. They already have a thriving medical training business, which might find many expansion avenues after the coronavirus pandemic.

The current dividend yield is still not as juicy as you would think after such a hard fall (currently only 2.6%), but the company has a history of consistent and substantial dividend increases. Since 2015, dividend payouts have increased by over 57%. Also, the capital growth of CAE is on par with some of the best growth stocks on TSX. The five-year CAGR before the fall was over 20%.

A REIT

Killam Apartment REIT (TSX:KMP.UN) is one of the most steadily growing REITs that are currently trading on TSX. While most substantial REITs are cherished for the amazing dividend yield they offer, capital growth isn't really the strong trait of the sector. Killam is one of the few exceptions. And it's currently trading at a steep discount: a flat 34% off. The current share price for Killam is $15.

As an apartment-centric REIT, it's already relatively safe from the expected housing market bubble burst. But that might be moot now since the pandemic has arrived as a completely different market crash instigator. Currently, the company runs a decent portfolio of 12,803 units and has a market cap of about $1.5 billion. The current yield is a juicy 4.6%. And though it's not an aristocrat, it has increased its payouts by 14% since 2016.

Before the crash, the five-year CAGR of Killam was a substantial number of 15%. If the company picks up where it left off, it has the potential to increase your capital two-fold in the next six years.

Foolish takeaway

The situation in TSX now is disastrous, to say the least. What's scary for investors, businesses, and everyone else is the uncertainty. No one knows how long this situation will go on.

This is why I would recommend that you proceed with caution, and if you are investing, invest in companies that have the highest chance of regaining their momentum after the pandemic is over.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)
3. TSX:KMP.UN (Killam Apartment REIT)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/23
Date Created
2020/03/31
Author
adamothman