



3 TSX Stocks With Once-in-a-Lifetime Value

Description

The market crash has brought a lot of opportunities, with almost every **TSX** stock having been sold off significantly. Some stocks have already bounced back. Meanwhile, others may go out of business from this and never come back.

Then there are the stocks with businesses that will eventually rebound, albeit the stocks remain way undervalued today.

Not surprisingly, these companies have more risk, but with strong management and a dominant industry position, the stocks are capable of weathering this storm. Because the stocks are so cheap, investors who are willing to take a position today could be in for major returns.

These three stocks we'll look at specifically are all top businesses. In addition to being well run, they have been growing consistently. Thus, the prices they're still trading at today present extreme value — and may never be this cheap again.

TSX royalty stock

The first company is **A&W Revenue Royalty Income Fund** ([TSX:AW.UN](#)). Before the instantaneous halt and shutdown of the economy, A&W was one of the fastest-growing brands in the quick-service restaurant segment.

While many companies in the restaurant industry were seeing flat sales growth, A&W was growing its revenue rapidly. In fact, at the end of 2019, A&W was the second most popular burger chain in Canada, trailing only **McDonalds**.

The massive growth was a clear indication that A&W's strategy has been working. Its commitment to health products coupled with its strong marketing campaigns has resonated with consumers.

The current environment, however, is definitely having a major effect on operations. A&W has therefore taken the prudent step to suspend the dividend to preserve cash.

The discount in the stock, however, has become extremely attractive. At roughly \$25, it's down nearly 50% from its highs, a massive bargain for a top TSX dividend growth stock.

High-value TSX stock

The next stock on the list is a growing entertainment and casino company **Great Canadian Gaming Corp** (TSX:GC).

Before the mandatory shutdown of its casinos, Great Canadian was a top TSX growth stock. The company has added numerous properties to its portfolio over the last few years. As well, it's been heavily investing in renovations to the casinos to drive higher sales and higher margins.

Those investments were paying off handsomely, which is why Great Canadian grew its share price by 67% from 2017 to 2020.

Now that things have shut down, investors have sold the stock off to levels not seen in years. When you consider how cheap the stock is today, it likely won't ever be this cheap again.

This makes it an excellent opportunity for investors to take a long-term position — one you'll likely never need to sell.

Specialty finance stock

The last stock is the rapidly growing consumer finance company **goeasy Ltd** ([TSX:GSY](#)). The company started as a furniture leasing business and soon expanded to consumer lending, which has been massive for goeasy's growth.

The business has been expanding its portfolio considerably over the last few years. And with extremely strong margins, it has grown its earnings and cash flow significantly.

Part of the reason for goeasy's success lies in the company's strong risk management, which has kept charge-offs relatively consistent, giving the company those strong margins.

The other main reason for its success is that there's little competition in the niche market that is sub-prime consumer lending, giving goeasy an extremely dominant industry position.

However, it's also the reason why there is so much risk with the rapidly growing TSX stock today. Any consumer lending business has higher risk these days, with so many people temporarily out of a job. The sub-prime segment has the most risk, though, which is why the stock is down more than 50% off its highs.

However, goeasy has plenty of liquidity, and though it may suffer some losses in the next few quarters, over the long term, it remains a top TSX growth stock.

Bottom line

Looking at the valuations of many TSX stocks today, these are the top companies that still offer investors the best value. Of course, each stock has some risk to it, so it's paramount to diversify your investment.

With these stocks trading this cheap, however, you have a considerable margin of safety.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:GSY (goeasy Ltd.)

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